

L SQUARED CAPITAL MANAGEMENT LP
Part 2A of Form ADV: Firm Brochure

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This brochure provides information about the qualifications and business practices of L Squared Capital Management LP (“L Squared” or the “Firm”), an investment adviser registered with the United States Securities and Exchange Commission (“SEC”). If you have any questions about the contents of this brochure, please contact us at 949-398-0175 or JFarrero@LSquaredCap.com. The information in this brochure has not been approved or verified by the SEC or by any state securities authority.

Registration with the SEC does not imply a certain level of skill or training.

Additional information about L Squared Capital Management LP is also available on the SEC’s website at www.adviserinfo.sec.gov.

MATERIAL CHANGES

As this is the initial filing of the Form ADV for L Squared, there are no material changes to report.

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ADVISORY BUSINESS

This brochure describes the advisory business of L Squared. L Squared was founded in May 2014 by Managing Partners Robert Healy and Jeff Farrero and began sourcing deals in July 2014. Currently, L Squared provides day to day advisory services to commingled private investment funds (the “Funds” or the “Clients”), subject to the discretion and control of L Squared Capital Management LLC, a Delaware limited liability company and the general partner of the Firm (the “General Partner”). L Squared is filing a single Form ADV together with its relying adviser and General Partner, L Squared Capital Management LLC, in reliance on the position expressed in the 2012 ABA No-Action Letter. Together with the General Partner, L Squared operates as a single advisory business. Mr. Healy is L Squared’s Managing Partner and majority owner. Mr. Farrero is L Squared’s Managing Partner and owns the remaining equity of L Squared except for a 1% interest which is owned by L Squared’s General Partner. The General Partner is owned by Mr. Healy and Mr. Farrero.

L Squared seeks to invest in high-margin, high-growth companies in its target sectors which include, but are not limited to technology enabled services and software, industrial technology and education. These investments are in the form of long-term private equity interests that are typically held by special purpose vehicles that are in turn held by the Funds directly.

L Squared’s services to the Funds include engaging in the business of making, managing, supervising and disposing of investments and engaging in such other activities incidental or ancillary thereto, including sourcing investment opportunities and negotiating investments. The Firm primarily invests in non-public entities, but reserves the right to invest in public entities subject to the limitations set forth in the governing documents of the Funds. From time to time, the personnel of L Squared or its affiliates serve on a portfolio company’s board of directors or otherwise act to influence control over management of portfolio companies held by the Funds.

The Firm’s advisory services to the Funds are further described in their respective governing documents, and are also generally described below under “Methods of Analysis, Investment Strategies and Risk of Loss.” Each investment for a Fund will generally be made through a separate series of the Fund. Each series is treated as a separate and distinct legal entity having separate assets, investment portfolios, investors and terms. The Funds and the Firm may enter into consulting arrangements, side letter arrangements or other similar agreements with investors that have the effect of establishing rights under or altering or supplementing a Fund’s governing documents with respect to such investors, including provisions relating to specific investments, as well as provisions relating to the Firm’s compensation. For more information regarding provisions that allow an investor’s investment to be altered or varied in certain circumstances, investors should refer to the relevant Fund’s governing documents.

For purposes of this brochure, references to a Fund or Client will be deemed to include a single series of a Fund, or a Fund itself, as the context requires. The Firm provides its services to the Funds, but may also offer customized investments to meet the individual needs of an investor.

As of June 8, 2017, L Squared managed \$347,100,000 in Client assets, all managed on a discretionary basis. The Firm does not currently manage any non-discretionary assets.

FEES AND COMPENSATION

L Squared and its affiliates, as applicable, are generally entitled to receive a management fee (“Management Fee”) and carried interest allocation (“Carried Interest”) in connection with the advisory services provided to Clients. L Squared typically also shares in all or a portion of the additional fees described below. The Firm and its employees may provide services to portfolio companies with or without additional compensation, including but not limited to serving as appointed directors of portfolio companies. Additional compensation may be paid by L Squared or the portfolio company. If paid by the portfolio company and not subject to an offset against L Squared’s compensation, the compensation may be indirectly borne by a Fund and its investors along with the other owners of the portfolio company. L Squared may agree to different or reduced Management Fee and Carried Interest arrangements with an individual Fund or investors in a Fund through consulting/side letter agreements or other similar arrangements.

The Funds typically bear certain out-of-pocket expenses incurred by L Squared and its affiliates in connection with the services provided to the Funds, which are set forth in the Funds’ governing documents and consulting/side letter agreements entered into between investors and L Squared. Information about L Squared’s typical fee structures are detailed below.

Please note that the information provided below is intended to be a general summary of fees charged and other general business practices of L Squared in connection with the advisory services it provides to Clients. Because L Squared structures its investments through separate series, the fees payable by an investor for any particular investment may vary by investment. The descriptions below are for summary purposes only and are supplemented and superseded in their entirety by the consulting/side letter agreements between each investor and L Squared, and the governing documents of the Funds.

Management Fees

Investors in the Funds pay Management Fees to L Squared as more fully described in the individual consulting/side letter agreements entered into between L Squared and each investor and the governing documents for each Fund. These Management Fees are typically calculated and charged quarterly in advance based upon each investor’s committed capital.

Typically, L Squared Management Fees are based on a fixed percentage of committed capital during the active investment period. After the active investment period, L Squared generally receives Monitoring Fees paid by portfolio companies as compensation for its services. Typically, investors in each series of each Fund pay the same Management Fees and other fees, including Breakup Fees, Transaction Fees and Monitoring Fees (see definitions below) as more fully described in the consulting/side letter agreement and governing documents related to a respective Fund.

The Funds generally invest on a long-term basis. Accordingly, Management Fees and other fees are expected to be paid, except as otherwise described in the relevant governing documents, over the term of the applicable Fund, and investors generally are not permitted to withdraw or redeem interests in the Fund.

Management Fee Offsets

Generally, Management Fees payable to L Squared are offset by certain other fees as more specifically described in each investor's consulting/side letter agreement with L Squared and the governing documents for each Fund. These fee offsets typically include Monitoring Fees, Breakup Fees and Transaction Fees as such terms are defined in the relevant agreement (collectively referred to as "Fee Offsets"). Typically, Management Fees are calculated and charged quarterly in advance, however, these fees are reduced by the amount of the prior quarter's Fee Offsets. These Management Fees and Fee Offsets may have other specific computational and contractual terms as more fully described in each investor's consulting/side letter agreement.

Transaction Fees

L Squared may receive transaction fees ("Transaction Fees") from portfolio companies from time to time. These fees relate to payment for services provided to portfolio companies in connection with certain transactions. Any Transaction Fees received by L Squared from portfolio companies in which the Funds are invested are typically 100% offset against management fees paid by investors.

Monitoring Fees

L Squared may receive monitoring fees ("Monitoring Fees") from portfolio companies, typically once 50% percent of the Management Fee paid by investors has been offset. Generally, Monitoring Fees are consulting fees, directors' fees and other similar fees received by L Squared or L Squared management persons with respect to the investment in any portfolio company held by a Fund. The Monitoring Fees may be subject to a reduction by any amount necessary to reimburse L Squared management persons for all unreimbursed costs and expenses incurred by them in connection with any consummated or unconsummated transactions. These reductions may not include certain payments received by L Squared or management personnel for services performed as an employee in any similar capacity for a portfolio company held by a Fund, and may not include certain breakup fees ("Breakup Fees" as described below) and certain Transaction Fees. Generally, Management Fees due to L Squared are offset by Monitoring Fees in a process more specifically described in each Fund's governing documents and each investor's consulting/side letter agreement.

Breakup Fees

Breakup Fees are described in detail in each Fund's governing documents and each investor's consulting/side letter agreement. Generally, Breakup Fees are equal to 100% of all commitment fees, breakup fees and litigation proceeds received by a Fund, L Squared or any of its management persons from transactions not consummated in connection with the Fund's proposed participation in such transactions. This amount will be reduced by any amount necessary to reimburse a Fund, L Squared or any of its management persons for all unreimbursed costs and expenses incurred in connection with generating the Breakup Fees. Generally, Management Fees are offset by Breakup Fees in a process that is more fully described in each Fund's governing documents and each investor's consulting/side letter agreement.

Fund Expenses

In a process that is more fully described in each Fund's governing documents and each investor's consulting/side letter agreement, each Fund will bear the costs, expenses, liabilities and obligations related to the activities, investments and business of the Fund. These costs, expenses and liabilities are consistent with sourcing, evaluating, structuring, organizing, acquiring, managing, operating, holding, valuing, winding up, liquidating, dissolving and disposing of the investments of the Fund. These expenses include but are not limited to legal, accounting, administration, custodian, taxes, fees and governmental charges, and all costs, expenses, liabilities and obligations incurred by the Fund. Each Fund's governing documents and each investor's consulting/side letter agreement contains the full expense policy, which each investor is encouraged to review in full prior to investing. The Funds, similar to other private equity funds, likely bear additional and greater expenses, directly or indirectly, than many other pooled investment products, such as mutual funds. To the extent brokerage fees are incurred, they will be incurred in accordance with the general practices set forth in "Brokerage Practices."

Mr. Healy and Mr. Farrero are currently entitled to receive compensation in the form of carried interest payments from funds they managed while working at Chicago Growth Partners, LLC ("Chicago Growth Partners"). In addition, Mr. Healy and Mr. Farrero continue to sit on the board of directors for certain Chicago Growth Partners portfolio companies. Payments from the applicable Chicago Growth Partners funds will vary based on the performance of such funds. The Chicago Growth Partners funds are no longer seeking additional investment opportunities; however, Mr. Healy and Mr. Farrero will continue to be entitled to receive carried interest payments until such funds have completely exited all their portfolio companies.

Other Information

L Squared and its affiliates generally have discretion over whether to charge Transaction Fees, Monitoring Fees, Breakup Fees or other compensation to a portfolio company and, if so, the rate, timing and/or amount of such compensation. The receipt of such compensation generally will give rise to potential conflicts of interest between a Fund, on the one hand, and L Squared and/or its affiliates on the other hand.

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Please see above section referenced "Fees and Compensation." L Squared and its affiliates, as applicable, generally will be entitled to a performance-based fee, also referred to as a Carried Interest allocation with respect to each Fund, equal to a fixed percentage of realized profits subject to specified preferred return hurdles with a related catch-up provision, as more fully described in the applicable governing document. Carried Interest for each Fund is specifically outlined in each Fund's governing documents or each investor's consulting/side letter agreement and may vary among the Firm's Funds and investors.

The Carried Interest distributed to L Squared is generally subject to a potential giveback if L Squared has received excess distributions, as more fully described in the applicable governing documents.

Carried Interest arrangements may create an incentive for L Squared to recommend riskier or more speculative investments. L Squared invests in each Series alongside each investor to reduce potential conflicts of interest and to more closely align L Squared's investment objectives with those of its investors.

In some cases, L Squared is expected to permit certain investors or other parties to co-invest in portfolio companies alongside one or more Funds. If a co-investment vehicle is formed, such entity will bear expenses related to its formation and operation, many of which are similar in nature to those borne by the Funds. In the event that a transaction in which a co-investment was planned, including a transaction for which a co-investment was believed necessary in order to consummate such transaction, ultimately is not consummated, the full amount of any Breakup Fees relating to any such unconsummated transaction would be borne by the Fund, and not by any prospective co-investors (including any co-investment vehicle), that were to have participated in such proposed transaction.

TYPES OF CLIENTS

L Squared currently provides investment advisory services to pooled investment vehicles. Investment advice is provided directly to the Funds. Investors in the Funds are "qualified purchasers" and "accredited investors" as such terms are defined in the Investment Company Act 3(c)(7) and may include, pooled investment vehicles, trusts, family offices, individuals, high net worth individuals, corporations, limited partnerships, limited liability companies and other such entities or suitable investors.

There is no minimum investment amount required of investors set forth in each of Fund's governing documents; however, the Firm reserves the right to set minimum investment requirements. Investors are typically subject to minimum investment periods as more fully described the governing documents for each Fund.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Investment Objectives and Strategies

The principal investment strategy pursued by L Squared involves seeking long-term growth investment opportunities in privately held companies including buyouts, recapitalizations and founder liquidity events. The Firm actively seeks companies that are well positioned for transformational long-term growth. L Squared focuses on long-term value creation and allows management teams to make decisions without the trade-offs associated with shorter-term investment horizons. The Firm seeks to add significant value through high level strategic planning and sourcing and executing accretive acquisitions. The Firm sources deals based on target revenues, target EBITDA, target company growth profile, geography and ownership, among other factors. More detailed strategy decisions are detailed below; however, complete investment strategies and methods of analysis are set forth in the governing documents for each Fund.

There can be no assurance that L Squared will achieve the investment objectives of the Funds. Investors may sustain losses including the potential for loss of principal.

The Firm's investment strategy incorporates the following elements: (i) multi-faceted origination capabilities; (ii) disciplined investing; (iii) diversification; (iv) transaction control; and (v) active portfolio management.

Sourcing Deals

L Squared employs consistent, targeted marketing efforts in order to source proprietary deal flow as well as to provide access to deal flow through auction processes. The Firm believes it has developed strong relationships with industry service providers including investment bankers, deal brokers, lawyers, accountants, financing sources and with the portfolio company executives with whom the Firm has previously invested. L Squared seeks to leverage these relationships to support industry-targeted marketing efforts aimed at identifying quality, small to medium sized growth-oriented companies that compete in these markets. The Firm's direct marketing efforts include periodic press releases to update the marketplace on recent happenings of L Squared and its portfolio companies, formal relationships with deal sourcing firms, direct calling efforts and relationships with search firms. In a number of instances, the Firm has coordinated direct marketing efforts on behalf of its portfolio companies to solicit acquisition opportunities.

L Squared also seeks to proactively market to small and middle market investment bankers, buy-side agents, boutique intermediaries and other deal brokers. The objective of these efforts is to see as many high-quality deals as possible in an effort to ensure that the Firm is reviewing the opportunities that best fit L Squared's investment criteria. While the Firm does not believe that it depends solely on these sources for investment opportunities, the Firm recognizes that many quality companies utilize investment bankers and these channels represent a source of high-quality deal flow. L Squared will participate in auctions where it believes that the Firm has an advantage relative to other bidders, either through industry knowledge or through a prior relationship with the seller intermediary.

Upfront Screening

The Firm utilizes a disciplined, rigorous investment screening process focused on growth investments. In general, the Firm focuses on areas where L Squared has previously invested, including markets with above average, sustainable growth rates and companies which are well positioned in those markets. As part of the comprehensive upfront screening process, the Firm aims to complete detailed analyses of the target's growth prospects, end-markets, competition, historical and projected financial performance and customer and supplier dynamics. Importantly, the upfront investment screening process generally includes at least one meeting with the target's management team early in the process to ensure the target has successful, proven management teams. As part of the initial screening, the Firm generally conducts multiple meetings with potential financing sources to get comfortable with available debt packages. The Firm also develops preliminary financial models to confirm the likelihood of a successful investment. The Firm regularly discusses new opportunities at weekly meetings to leverage L Squared's broad experience and various points-of-view.

Obtaining the Deal

To help ensure L Squared “locks up” a transaction, whether it is proprietary or part of an auction process, the Firm seeks to maintain continuous contact with both the seller and intermediary, respectively, to emphasize interest in the deal. The Firm seeks to leverage its broad network in this effort to ensure that it is using every possible tool at its disposal to help obtain a deal. As part of the bidding process, the Firm’s general practice involves creating a detailed bid package that includes not only a letter of interest/term sheet, but also a continuing interest letter, timetable to close, detailed list of areas of due diligence to be completed, reference list, and generally an additional document that outlines why the Firm believes that it has a competitive advantage in the process. Examples of such competitive advantages may include industry relationships the Firm can leverage to drive growth in the target’s business or specific operating expertise in the target’s market. Most importantly, L Squared also emphasizes its internal value-add capabilities as a selling point when trying to obtain exclusivity in a transaction, which the Firm believes to be a key competitive advantage.

Due Diligence Process

L Squared utilizes a cautious, value-oriented approach to due diligence and investment review. The Firm seeks to capitalize on its experience in recognizing sustainable growth trends and companies well positioned to take advantage of this growth. The due diligence process includes a comprehensive market analysis of an industry’s fundamental growth trends as well as its competitive dynamics. This due diligence process seeks to ensure that any potential investment opportunity combines a complete, proven management team with a market that displays sustainable growth trends.

Once L Squared believes an investment opportunity meets its criteria, the Firm conducts a comprehensive, structured due diligence effort with the purpose of fundamentally understanding the operations of the target company and anticipating any risks that might threaten the target in the future. The Firm seeks to thoroughly analyze the strengths and weaknesses of a target company’s management team. This review generally includes management reference calls, thorough background checks, and multiple interviews with key management team members as well as a comprehensive cross reference exercise once all of these analyses have been completed.

In addition to a thorough management review, the Firm often retains third-party consultants to help assess business and market conditions, accuracy of financial statements, legal status, competition, products, facilities, supplier relationships and customer satisfaction. This review is usually accompanied by a detailed financial analysis of the historical and projected revenues, earnings and cash flow streams of the business. Finally, L Squared relies on its personnel and consultants with experience in technology, operations and strategy development to analyze the target companies’ IT systems, operations and marketing functions in order to anticipate operational issues as well as opportunities to improve business processes and revenue growth.

Negotiating and Structuring

After the Firm has completed the due diligence process and is ready to close the investment, the Firm works to negotiate deal terms, capital structures and post-closing governance arrangements. L Squared, in conjunction with legal counsel, typically takes an active role in negotiating the appropriate transaction documents, including Definitive Purchase Agreements, Stockholders

Agreements and Credit Agreements, among others in an effort to obtain necessary rights and protections such as preemptive rights and drag-along rights. Generally, the Firm also works closely with financing sources in an effort to ensure adequate flexibility on debt pay-down and covenant requirements. Additionally, the Firm typically has a direct role in negotiating important transaction terms such as escrows, indemnification caps and baskets and seller representations and warranties. In general, the Firm works directly with the target company's management team to structure management equity incentive plans, including the creation of management option pools to align interests.

Portfolio Monitoring and Value-Added Resources

After investing in a company, L Squared typically takes a proactive role on the company's board of directors. The Firm's personnel may provide strategic and financial direction and work collaboratively to share its experience with the portfolio companies. This board-level involvement is augmented by L Squared's internal, value-added expertise, with specific focus on operations, information technology and marketing. The Firm's general practice involves a focus on cost savings and revenue growth initiatives and facilitating management best practices.

Investing in securities involves a risk of loss that investors should be prepared to bear.

Investment Risks

Investments in private funds are speculative and involve a substantial degree of risk including the risk of loss of investment principal. Investments in private equity vehicles also involve long holding times and are not generally appropriate for investors without other sources of short term liquidity. Investing in private funds and private equity funds may not be suitable for all investors and is intended only for sophisticated investors who can accept the risks associated with these investments. Investors will not have recourse except with respect to the assets of the Funds. Investors should review all Fund documents carefully before investing in any L Squared Fund.

Private Equity Funds: Private equity investing involves making an investment into a private fund that then in turn invests directly into private companies or conducts buyouts of public companies. In almost all cases, a private equity fund is a private investment vehicle that is not registered under federal or state securities laws. This lack of public registration and public financial statements means that investors in private equity funds may receive less disclosure than investors in publicly traded securities or funds.

There is no secondary market for interests in any of the Funds and none is expected to develop. An investor generally is not able to exit a Fund or sell its interests in a Fund before the Fund's stated liquidation points or closure. Private equity funds are subject to various other risks depending upon the types of investments. These risks may be heavily influenced by economic factors. Private equity investments often demand long holding periods to allow for a turnaround of a distressed company or a liquidity event such as an initial public offering ("IPO") or sale to another company. There is a risk that individual investments made by private equity funds lose all of their value due to the lack of development for a secondary market for such securities.

Investing in Private Companies: Each Fund's investment portfolio will consist primarily of securities issued by privately-held companies. Operating results of privately held companies in a

specified period are difficult to predict. Such investments involve a high degree of business and financial risk and can result in substantial losses. Economic events may heavily influence private company returns. These events may be difficult or impossible to predict in advance. Investments in private companies can be difficult, or, in some cases impossible, to liquidate. The difficulty associated with liquidating private company investments combined with complex and difficult valuations can result in losses, including, in certain cases, losses of investor capital. Valuation of privately held companies is also complex and difficult. Investors bear the risk that it may be difficult to value privately held companies.

Illiquidity; Lack of Current Distributions: An investment in a Fund should be viewed as illiquid. Investors in a Fund generally may not withdraw from the Fund. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. While an investment may be sold at any time, it is generally expected that this will not occur for a number of years after the initial investment. Before such time, there may be no current return on the investment. Furthermore, the expenses of operating a Fund (including the Management Fee payable to the Firm) may exceed its income, thereby requiring that the difference be paid from the Fund's capital, including, without limitation, unfunded commitments.

Uncertain Exit Strategies: L Squared will be unable to predict with confidence what, if any, exit strategy will ultimately be available for many of its investments. Exit strategies which appear to be viable when an investment is initiated may be precluded by the time L Squared decides to dispose of such investment due to economic, legal, political or other factors. The success of the Firm's investment strategy depends on its ability to successfully exit, and thereby realize the value of its investments.

Projections: Projected operating results of a company in which a Fund invests normally will be based primarily on financial projections prepared by each company's management. In all cases, projections are only estimates of future results that are based upon information received from the company and assumptions made at the time the projections are developed. There can be no assurance that the results set forth in the projections will be attained, and actual results may be significantly different from the projections. Also, general economic factors, which are not predictable, can have a material effect on the reliability of projections.

Concentrated Holdings; Lack of Diversification: It is expected that each Fund will establish a separate series for each investment in a portfolio company and will not be otherwise diversified. Accordingly, the performance of each series will depend solely on the performance of the applicable portfolio company. L Squared does not claim to provide a complete investment program for any Fund or investor.

Leverage: A Fund may make use of leverage by incurring debt to finance a portion of its investment in a given portfolio company or other investment. Leverage generally magnifies both a Fund's opportunities for gain and its risk of loss from a particular investment. The cost and availability of leverage is highly dependent on the state of the broader credit markets, which state is difficult to accurately forecast, and at times it may be difficult to obtain or maintain the desired degree of leverage. The use of leverage will also result in interest expense and other costs to a

Fund that may not be covered by distributions made to such Fund or appreciation of its investments. In addition, this leverage could accelerate and magnify declines.

Reliance on Portfolio Company Management: Although L Squared will monitor the performance of each Fund investment, it will primarily be the responsibility of each portfolio company's management team to operate the portfolio company on a day-to-day basis. Although each Fund generally intends to invest in companies with strong management or recruit strong management to such companies, there can be no assurance that the existing management, or any successor, of such companies will be able or willing to successfully operate a company in accordance with the Fund's objectives. An investment by a third party in a portfolio company involves risks, including the possibility that a third-party investor 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 block) actions in a manner contrary to such Fund's investment objectives.

Portfolio Company Directors: A Fund will often obtain the right to appoint a representative to the board of directors (or similar governing body) of the companies in which it invests. Such representatives will be required to make decisions that consider the best interests of the respective portfolio companies. In certain circumstances, for example in situations involving bankruptcy or near-insolvency of a portfolio company, actions that may be in the best interest of such portfolio company (or a third party, such as a creditor) may not be in the best interests of the Fund, and vice versa. Additionally, serving on the board of directors (or similar governing body) of a portfolio company exposes the Fund's representatives, and ultimately the Fund, to potential liability. Not all portfolio companies may obtain insurance with respect to such liability, and the insurance that portfolio companies do obtain may be insufficient to adequately protect officers and directors from such liability. In addition, involvement in litigation can be time consuming for such persons and can divert the attention of such persons from the Fund's investment activities.

Investment Timing: Investors in a Fund are required to pay a Management Fee based on the entire amount of their capital commitments, regardless of whether the Fund is fully invested. In this regard, L Squared cannot ensure the timing of investments. The timing of investments carries a high degree of uncertainty. While many factors influence timing risk, timing risks stem primarily from projected operating results of a company that will be based primarily on management judgments. All cases and projections are only estimates of future results which are based upon assumptions made at the time that the projections were developed. There is no guarantee that projections will lead to successful investments or successful timing decisions. General economic conditions may impact projections and timing decisions.

Private Company Fraud: Any private equity fund bears the risk of potential fraud on the part of a portfolio company's management team or others associated with the company. This fraud can take many forms including financial statement omissions or misstatements, embezzlement or outright theft. The management team at L Squared has decades of experience analyzing private company financial statements and evaluating such companies for the risk of fraud through key research techniques including the use of third party research and investigation firms. There can be no assurance, however, that such techniques can prevent every potential instance of fraud.

Economic and Political Uncertainties: The current global economic and political climate is one of uncertainty. Prior acts of terrorism in the United States, the threat of additional terrorist strikes and the fear of a prolonged global conflict have exacerbated volatility in the financial markets and can cause consumer, corporate and financial confidence to weaken, increasing the risk of a “self-reinforcing” economic downturn. A climate of uncertainty may reduce the availability of potential investment opportunities, and increases the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. Furthermore, such uncertainty may have an adverse effect upon portfolio companies in which a Fund makes investments.

Highly Competitive Market for Investments: L Squared will be competing for investments with other private equity investment vehicles and investors when identifying and structuring transactions. There can be no assurance that the Funds will be able to locate suitable investment opportunities, acquire those investments for an appropriate level of consideration or fully invest its committed capital.

Lack of Control in Minority Investments: The Funds managed by L Squared may invest in minority positions in portfolio companies without power individually to exert significant control over such companies’ management or boards of directors. If a Fund’s investment represents a minority position in a portfolio company, the Fund will heavily rely on the existing management and boards of directors of such company, which may include representatives of other investors with whom the Fund is not affiliated and whose interests or views may conflict with the interest of the Fund.

Investments in Less Established Companies: The Funds may enter into investment opportunities with less established companies creating a greater risk than generally associated with investments in more established companies. Less established companies tend to have lower capitalizations and fewer resources, and, in some instances, less experienced management teams. These factors make them less stable and more vulnerable to financial failure. Less established companies have shorter operating histories from which L Squared can use to judge future performance and, in some cases, may have negative cash flow.

Regulatory Compliance Risks: L Squared operates in a heavily regulated securities market. Through the normal course of business L Squared may be faced with certain regulatory risks and obligations such as exposure to material non-public information (“MNPI”), SEC filing requirements, SEC record keeping requirements and adherence to fiduciary responsibilities.

Material Non-Public Information: As a result of its operations, the Firm may come into possession of confidential information or MNPI. Therefore, the Firm may have access to MNPI that may be relevant to an investment decision to be made by a Fund. Consequently, a Fund may be restricted from initiating a transaction or selling an investment which, if such information had not been known to it, may have been undertaken on account of applicable securities laws or the Firm’s internal policies. Due to these restrictions, a Fund may not be able to make an investment that it otherwise might have made or sell an investment that it otherwise might have sold.

Cybersecurity Breaches and Identity Theft: L Squared faces the risk of cyber-attack, technology malfunction, and identity theft due to its general vulnerability to damage or interruption from

computer viruses, technological failures, including CPU and telecommunications failures, unauthorized access due to security breaches, user errors, power outages and natural disasters or catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Extended damage or inoperability of technology designed to prevent cyber risks and attacks may become compromised, inoperable for extended time periods or cease to operate entirely. Such disruptions may cause expensive repairs and significant investment costs. Technological failure may cause significant business interruptions and failure to properly maintain cybersecurity measures may cause sensitive data, MNPI, personal information and information specific to investors to be compromised. Technological failures and compromised data may negatively impact the Firm's ability to attract capital and damage the Firm's reputation irreparably, and in severe cases may create legal concerns and otherwise negatively impact L Squared's financial performance.

Potential and Actual Conflicts of Interest Relating to L Squared: L Squared and its related entities engage in a broad range of advisory and non-advisory activities. L Squared will devote such time, personnel and internal resources as are necessary to conduct the business affairs of each Fund in an appropriate manner, as required by the relevant governing documents, although a Fund and its respective investments will place varying levels of demand on these over time. In the ordinary course of L Squared conducting its activities, the interests of a Fund may conflict with the interests of L Squared, one or more other funds, portfolio companies or their respective affiliates.

Certain of these conflicts of interest are discussed herein. As a general matter, L Squared 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.

During the investment period of a given Fund, appropriate investment opportunities will be pursued by L Squared through such Fund, subject to each investor's rights, as established by consulting arrangements, side letter arrangements, or other similar agreements, as applicable. At any given time, L Squared may manage other private funds in addition to a given Fund, which may include investments similar to those in which such Fund will be investing or have investments in portfolio companies in the form of securities or other investments that are not part of the principal investment strategy of such Fund, and may direct certain relevant investment opportunities to those private funds and with respect to such investments. Additionally, in instances where a Fund has elected to forego an investment opportunity, such investment opportunity may ultimately be directed to and invested in by other private funds managed by L Squared which are then investing capital. The principals and investment staff will continue to manage and monitor the investments of such private fund until their realization. The portfolio company investments of such other private fund may potentially compete with companies acquired by a given Fund. The significant investment of the principals in any given Fund, as well as the principals' interest in the Carried Interest, operate to align, to some extent, the interest of the principals with the interest of the investors in such Fund although the principals will likely have economic interests in such other private funds and investments as well and receive Management Fees and Carried Interest relating to such interests. As set forth more fully in the governing documents of the Funds, certain actions of L Squared with respect to a portfolio company require the approval of Fund investors, which may limit L Squared's ability to manage the Funds.

Following the investment period of a given Fund, the principals may focus their investment activities on other opportunities and areas unrelated to such Fund's investments.

From time to time, L Squared may be presented with investment opportunities that would be suitable not only for a given Fund, but also for other private funds. In determining which investment vehicles should participate in such investment opportunities, L Squared may be subject to conflicts of interest among its Clients. L Squared attempts to allocate investment opportunities among Clients in what it believes to be a fair and equitable manner. L Squared will consult with and/or seek consent to conflicts as is required under any consulting/side letter agreement or governing document, as applicable.

In allocating investment opportunities, L Squared will generally assess whether an investment opportunity is appropriate for a particular Client based on such Client's governing documents as well as factors including, but not limited to: investment and operating guidelines, diversification limitations, tax and regulatory considerations, minimum dollar limits and other relevant factors, including risk. For example, a newly organized Fund generally will seek to purchase a disproportionate amount of investments until it is substantially invested.

Subject to any relevant restrictions or other limitations contained in the Fund's governing documents, L Squared will allocate fees and expenses in a manner that it believes is fair and equitable to its Clients under the circumstances and considering such factors as it deems relevant, but in its sole discretion. In exercising such discretion, L Squared may be faced with a variety of potential conflicts of interest.

As a general matter, Fund expenses typically will be allocated among all relevant Funds or co-investment vehicles eligible to reimburse expenses of that kind. In all such cases, subject to applicable legal, contractual or similar restrictions, expense allocation decisions will generally be made by L Squared and its affiliates using their best judgment, considering such factors as they deem relevant, but in their sole discretion. The allocations of such expenses may not be proportional, and any such determinations involve inherent matters of discretion, e.g., in determining whether to allocate pro rata based on number of Funds or co-investment vehicles receiving related benefits, proportionately in accordance with asset size or other allocation methodologies as L Squared may deem appropriate. The Funds may have different expense reimbursement terms, including with respect to Fee Offsets, which may result in the Funds bearing different levels of expenses with respect to an investment.

To the extent the Funds' have controlling interests in portfolio companies, L Squared and/or its affiliates typically have the right to appoint portfolio company board members (including current or former L Squared personnel or persons serving at their request), or to influence their appointment, and to determine or influence a determination of their compensation. From time to time, portfolio company board members approve compensation and/or other amounts payable to L Squared and/or its affiliates. Unless such amounts are subject to a Fund's offset provisions, they will be in addition to any Management Fees or Carried Interest paid by a Fund, subject to any applicable Fee Offset provisions in the relevant Fund's governing documents.

Certain limitations generally apply with respect to L Squared's ability to make investments on behalf of a newly established Fund, including, in some cases, a requirement that L Squared will

not commence the operation of a new Fund until the end of such existing Fund's investment period or until such other time as described in the applicable Fund's governing documents.

Portfolio companies (and, to a lesser extent, the Fund) may pay certain fees to service providers introduced, arranged or retained by L Squared and/or its affiliates that may regularly provide services to one or more portfolio companies, and such fees do not offset the Management Fees as described herein. Additionally, a portfolio company typically will reimburse L Squared or such service providers for expenses (including, without limitation, travel expenses) incurred by L Squared or such service providers in connection with the performance of services for such portfolio company. L Squared seeks to reduce potential conflicts of interest resulting from such arrangements by structuring such arrangements in a manner that L Squared believes will align such persons' interests with those of the investors. L Squared seeks to retain high quality, value-added service providers based on the relevant circumstances; however, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at a lower cost.

DISCIPLINARY INFORMATION

L Squared and its related persons do not have any disciplinary history to disclose. L Squared seeks to maintain the highest ethical standards, integrity and business professionalism.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

L Squared does not have any registrations or pending registrations to act as a broker-dealer or representative of a broker dealer, futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of any of the foregoing entities related to this item.

L Squared founders Robert Healy and Jeff Farrero each are in the process of winding down their affiliation with Chicago Growth Partners, a private equity fund adviser registered with the SEC under the Investment Advisers Act. This creates a potential conflict of interest due to the fact that Mr. Healy and Mr. Farrero may receive details, potentially including MNPI, about the investments entered into by certain funds of Chicago Growth Partners. However, as mentioned above, at this time Chicago Growth Partners is not identifying new investment opportunities for such funds and is focused on managing and monitoring the existing investments of its funds.

L Squared recommended and closed investments in portfolio companies which were sourced from Chicago Growth Partners in the past. Mr. Healy and Mr. Farrero had an ongoing beneficial financial interest in Chicago Growth Partners at the time those opportunities were purchased by Clients of L Squared. Although L Squared does not plan to make any similar purchases, and therefore does not anticipate any ongoing conflicts of interest with Chicago Growth Partners, all recommendations that involve affiliations with Chicago Growth Partners will be disclosed to investors prior to closing the deal.

CODE OF ETHICS, PARTICIPATION OR INTEREST IN
CLIENT TRANSACTIONS AND PERSONAL TRADING

L Squared has adopted a code of ethics that meets the requirements of SEC rule 204A-1. The Firm's code sets forth a standard of conduct expected of the Firm's employees and related persons. The Firm's code of ethics is designed to address conflicts of interest related to personal trading by requiring employees to report securities holdings and adhere to a code of ethics designed to avoid and prevent the use of MNPI. In addition, the code of ethics requires preclearance prior to purchasing interests in limited partnerships and limited liability companies, including private investment funds. Personal securities transactions by L Squared employees are required to be conducted in a manner that prioritizes the interests of Clients. L Squared seeks to always put the interests of Clients as a priority. L Squared's code of ethics will be provided at the request of any investor or prospective investor. Please direct such requests to Jeff Farrero, L Squared's Chief Compliance Officer, who can be reached at 949-398-0175 or at JFarrero@LSquaredCap.com.

L Squared may occasionally come into possession of MNPI. The Firm adheres to applicable securities laws regarding the use of MNPI by Firm employees. L Squared and all personnel are prohibited from improperly disclosing MNPI or improperly using MNPI for personal benefit. Furthermore, employees are instructed as to the applicable securities regulations related to MNPI.

The Firm allocates each investment opportunity based on the ownership percentage of each investor invested in the relevant Fund. L Squared believes that allocations are fair and equitable to the Funds and consistent with its fiduciary obligation owed to its Clients.

L Squared may provide certain opportunities for co-investments. Co-investments may provide investors or other persons the ability to invest in portfolio opportunities along with the Funds. The Firm is permitted to allocate opportunities for co-investments in any manner it deems appropriate. L Squared may utilize co-investment vehicles to invest in or purchase interests for the Funds. Investors and potential investors can inquire about L Squared's existing co-investment opportunities by contacting the Firm's Chief Compliance Officer, Jeff Farrero at 949-398-0175 or at JFarrero@LSquaredCap.com.

L Squared has recommended investment opportunities in which Mr. Healy and Mr. Farrero had active interests in related to Chicago Growth Partners. Mr. Healy and Mr. Farrero each receives economic benefits from previous investment transactions completed while providing advisory services at Chicago Growth Partners. Please see Other Financial Industry Activities and Affiliations for additional details.

As disclosed in the governing documents for the Funds, L Squared, through the General Partner, is obligated to directly invest in the portfolio companies held by the Funds. This investment is paid in by employees. Accordingly, L Squared employees have an interest in every portfolio investment made by the Firm and the Firm's principals and employees may serve as directors and officers of certain portfolio companies. Principals and employees will be required to act in a manner that each considers to be in the best interests of such portfolio company and its shareholders while acting as director or officer of any portfolio company. Conflicts of interest

may arise in certain circumstances when the best interest of the portfolio company may not be the best interest of a Fund.

BROKERAGE PRACTICES

L Squared does not receive research or other soft dollar benefits at this time. L Squared may make brokerage or investment bank recommendations to Clients as fully described in the governing documents for each Fund. L Squared does not intend to engage in public securities transactions, however, the Funds may distribute securities to investors in the Funds or sell such securities, including through a broker-dealer, if a public trading market for such securities exists. To the extent that L Squared engages in public securities transactions it will do so according to the governing documents for each Fund and will choose counterparties based upon criteria that are in the best interest of the Funds' investors.

L Squared focuses on securities transactions of private companies. As such, the Firm generally purchases and sells such private companies through privately-negotiated transactions in which the services of a broker-dealer or investment bank may be retained. In the event that L Squared retains investment banks or broker-dealers, the costs of such retention may be allocated to the relevant Fund or Funds.

When selecting a broker dealer or investment bank, the Firm will consider certain factors including the capabilities with respect to the type of transaction being contemplated, commissions or fees charged, reputation of the firms being considered, responsiveness to requests for information, and overall experience. Although the Firm will evaluate the reasonableness of rates for such services, the market for such services involves subjective evaluations and the Funds may not necessarily pay the lowest commission or fee for such services. Certain transactions may require specialized services on the part of the broker or investment bank and therefore may entail higher commissions or their equivalents than would be the case with other transactions requiring more routine services. Although L Squared generally seeks competitive commission rates, it may not necessarily pay the lowest commission or commission equivalent.

L Squared may reduce brokerage commissions on Client transactions in recognition of research furnished by brokers if doing so remains consistent with the Firm's duty to seek and obtain best execution. L Squared generally does not make use of such services (commonly known as soft dollars) at the current time and L Squared has not made use of use of such services since its inception. To the extent that L Squared allocates brokerage business on the basis of research services, it may have an incentive to select or recommend broker-dealers based on the interest in receiving such research or other products or services, rather than based on the Funds' interest in receiving most favorable execution.

REVIEW OF ACCOUNTS

L Squared generally invests in private long term illiquid investments. The Firm closely monitors all investments held by the Funds and the Firm's Chief Compliance Officer periodically ensures that all investments meet the Firm's stated objectives.

L Squared distributes quarterly investment summaries to investors, which are sent approximately 30 days after quarter end. Each quarterly statement includes an update on the performance of each portfolio company, financial summaries, and changes to market value as applicable. L Squared provides audited financials to all Clients and their underlying investors within 120 days of the year end.

CLIENT REFERRALS AND OTHER COMPENSATION

As described above, L Squared and its personnel may provide business and consulting services to those companies in the Funds' portfolio. Such business and consulting fees may offset Management Fees as described in the LLC agreements, consulting agreements, limited partnership agreements, and any other governing documents of the Funds. These fees in other cases may be considered as fees in addition to Management Fees and Carried Interest allocations.

L Squared does not receive economic benefit from anyone other than Clients for providing investment advice or other advisory services to Clients. L Squared does not use any placement agents or marketing agents at this time, but reserves the right to do so.

CUSTODY

Due to the legal structure of the Funds and the role of L Squared, L Squared is deemed to have legal custody of the Funds. In connection with its responsibilities pursuant to SEC Rule 206(4)-2 (the "Custody Rule"), L Squared relies upon the "pooled investment vehicles" exemption from the reporting and surprise audit obligation. The Funds and their underlying investors will receive audited financial statements within 120 days of the Funds' fiscal year end, which investors should carefully review. The Firm has engaged an independent accounting firm that is a member of, and examined by, the Public Company Accounting Oversight Board to perform the audit.

INVESTMENT DISCRETION

Investment advice is provided directly to the Funds. Investment advice is not provided to individual investors in the Funds; however, L Squared may also offer customized investments to meet the individual needs of an investor. Services are provided to each Fund in accordance with the governing documents of the Fund. As more fully described in each Fund's governing documents, the terms of an investor's investment may be altered or varied in certain circumstances.

VOTING CLIENT SECURITIES

L Squared has adopted Proxy Voting Policies and Procedures (the "Proxy Policy") contained in the Firm's compliance manual in accordance with SEC Rule 206(4)-6 under the Investment Advisers Act. The Proxy Policy sets forth the policies and procedures by which L Squared votes or gives consent with respect to certain securities owned by the Funds. L Squared seeks to vote in a manner that will maximize the economic value of the underlying holdings of L Squared, and in doing so L Squared will vote in the best interests of each Fund. The Firm will take into account the relevant Fund's investment horizon, the contractual obligations under the governing documents of the Fund, and all relevant facts and circumstances at the time of the vote.

In the event that there is or may be a conflict of interest in voting proxies between L Squared and the Funds, the Proxy Policy provides that L Squared may address the conflict using several alternatives set forth in the Firm's Proxy Policy. While L Squared related persons may sit on the boards of directors for the portfolio companies in which it invests, L Squared does not consider service on portfolio company boards held by the L Squared Funds to create a material conflict of interest in voting proxies on behalf of the Funds. In the event of such conflict, L Squared would nevertheless vote in the best interest of its Clients.

If you would like a copy of L Squared's Proxy Policy, or information regarding how L Squared voted proxies for a particular portfolio company, if any, please contact Jeff Farrero, L Squared's Chief Compliance Officer, at 949-398-0175 or at JFarrero@LSquaredCap.com, and such information will be provided to you at no charge.

FINANCIAL INFORMATION

L Squared does not require or solicit prepayment of more than \$1,200 in fees per Client, six months or more in advance. Additionally, L Squared has never been the subject of a bankruptcy petition and is not aware of any financial condition that could be reasonably expected to impair the Firm's ability to meet its contractual commitments to Clients.

REQUIREMENTS FOR STATE-REGISTERED ADVISERS

L Squared is not a state-registered adviser, and therefore information regarding state registration is not applicable.