

C III CAPITAL MANAGEMENT, LLC
(“C3CM”)

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PART 2A OF FORM ADV: FIRM BROCHURE
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This Brochure provides information about the qualifications and business practices of C3CM. If you have any questions about the contents of this brochure, please contact us at (713) 751-7577. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“**SEC**”) or by any state securities authority. Additional information about C3CM also is available on the SEC’s website at www.adviserinfo.sec.gov. C3CM may refer to itself as a “registered investment adviser” or “**RIA**”. You should be aware that registration with the SEC or a state securities authority does not imply a certain level of skill or training.

Important Note About This Brochure

This Brochure is not:

- an offer or agreement to provide advisory services to any person;
- an offer to sell interests or a solicitation of an offer to purchase interests in any investment product or vehicle advised by C3CM;
- a complete discussion of the features, risks or conflicts associated with any fund or account advised by C3CM; or
- to be relied on in determining whether to invest in a Private Fund (as defined herein) or establish an advisory relationship with C3CM.

As required by the Investment Advisers Act of 1940, as amended (the “*Advisers Act*”), C3CM provides this Brochure to current and prospective clients and may also, in its discretion, provide this Brochure to current or prospective investors in a Private Fund, together with other relevant offering materials, prior to, or in connection with, such persons’ establishment or consideration of a client relationship or an investment in a Private Fund.

Persons who receive this Brochure (whether or not from C3CM) should be aware that it is designed solely to provide information about C3CM as necessary to respond to certain disclosure obligations under the Advisers Act. Therefore, the information in this Brochure may differ from information provided in the materials that govern an account or investor relationship such as an advisory contract or a Private Fund’s Governing Documents (as defined below).

More complete information about each Private Fund, as well as C3CM’s investment management services in general, is included in relevant Governing Documents. To the extent that there is any conflict between discussions herein and similar or related discussions in any Governing Documents, the relevant Governing Documents shall govern and control.

In no event should this Brochure be considered to be an offer of interests in a Private Fund or relied upon in determining to invest. It is also not an offer of, or agreement to provide, advisory services directly to any recipient.

ITEM 2: MATERIAL CHANGES

Following is a summary of the material changes made to this firm brochure since the prior annual amendment dated March 29, 2019:

- In Item 4, we have updated assets under management as of December 31, 2019.
- In Item 8, we added a risk factor. For a more complete discussion of risks, investors should refer to the appropriate offering documents.

The information set forth in this brochure is qualified in its entirety by the applicable offering and/or governing documents. In the event of a conflict between the information set forth in this brochure and the information in the applicable offering and/or governing documents, such documents will control.

We encourage all clients and investors to carefully review this document in its entirety.

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ITEM 4: ADVISORY BUSINESS

Firm Overview

C III Capital Management, LLC (“**C3CM**”) is an investment adviser registered with the Securities and Exchange Commission that was founded by Corbin James Robertson, III (“**Robertson III**”) in 2000. C3CM is wholly-owned by Robertson III, who also serves as the Managing Director. C3CM is organized as a Delaware limited liability company and our principal place of business is located at 1415 Louisiana Street, Suite 2400, Houston, Texas 77002.

C3CM provides investment advisory services to pooled investment vehicles (“**Private Funds**”) exempt from registration under the U.S. Investment Company Act of 1940 (the “**Investment Company Act**”) or the U.S. Securities Act of 1933 (the “**Securities Act**”). This includes certain special purpose vehicles (“**SPVs**”) established for the purpose of making an investment in a single company. (The Private Funds and SPVs are collectively referred to as “**Clients**.”)

As of December 31, 2019, C3CM had approximately \$1,790,229,323 total regulatory assets under management, which includes uncalled capital commitments as of that date for LKCM HW I, LKCM HW II and HW II Sidecar, as defined below. As sub-adviser, C3CM managed \$1,782,830,650 on a non-discretionary basis for the LKCM HW Funds, as defined below; C3CM managed \$7,398,673 on a discretionary basis for the SPVs, as defined below.

Nature of Clients and Investors

C3CM acts as sub-adviser to LKCM Headwater Investments I, L.P. (“**LKCM HW I**”), LKCM Headwater Investments II, L.P. (“**LKCM HW II**”), and LKCM Headwater Investments III, L.P. (“**LKCM HW III**”) and together with LKCM HW I and LKCM HW II, the “**LKCM HW Funds**”) private equity funds that seeks long-term capital appreciation through investments in portfolio companies (“**Portfolio Companies**”). C3CM also acts as sub-adviser to LKCM Headwater II Sidecar Partnership, L.P. (“**HW II Sidecar**”), which invests alongside LKCM HW II in certain Portfolio Companies that require or enable larger investments than LKCM HW II can make on its own. HW II Sidecar and any subsequent limited partnerships or similar investment vehicles established to provide one or more persons with the opportunity to directly or indirectly co-invest with the LKCM HW Funds in certain Portfolio Investments are referred to as “**Co-Investment Vehicles**”. The LKCM HW Funds seek to achieve their investment objective by making controlling and/or strategic investments primarily in lower middle-market companies. The LKCM HW Funds are Delaware limited partnerships. Luther King Capital Management Corporation (“**LKCM**”) serves as the investment manager to the LKCM HW Funds. LKCM Headwater Investments I, GP, L.P., LKCM Headwater Investments II, GP, L.P., LKCM Headwater II Sidecar Partnership GP, L.P., and LKCM Headwater Investments III GP, L.P., which are jointly owned by Robertson III and principals of LKCM (together “**LKCM GPs**”), serve as the general partner to the respective funds. All limited partners (“**Investors**”) in the funds are “accredited investors,” as defined in Regulation D of the Securities Act, and either “qualified purchasers” as defined in the Investment Company Act or “knowledgeable employees.” Investors primarily include high net worth individuals.

C3CM acts as the general partner to two SPVs, Buckhorn Investment Partners I, LP (“**BIP I**”) and Buckhorn Investment Partners II, LP, (“**BIP II**”) which were established for the purpose of investing in certain Portfolio Companies of the LKCM HW Funds. These SPVs are Private Funds and are included throughout this Brochure in discussions of Private Funds, except where the content would suggest otherwise.

Client Investment Mandates

C3CM manages each Private Fund in accordance with the investment objectives, strategies and guidelines as set forth in the relevant Private Fund's confidential offering memorandum, organizational documents and other related documents (collectively a Private Fund's "***Governing Documents***"). Private Funds are not tailored to the individualized needs of any particular Investor, though Private Funds may take into consideration the general characteristics (*e.g.*, tax status) of its Investors when structuring its operations. An investment in a Private Fund does not, in and of itself, create an advisory relationship between the Investor and C3CM, and C3CM typically does not enter into separate advisory arrangements with any Investor. Therefore, each Investor must consider for itself whether any Private Fund meets the Investor's investment objectives and risk tolerance before investing in a Private Fund. Information about each Private Fund is set forth in its Governing Documents, which are available to current and eligible prospective Investors only through the Fund's general partner or another authorized party.

ITEM 5: FEES AND COMPENSATION

LKCM HW Fees

The LKCM HW Funds pay a management fee to LKCM equivalent to 2% per annum of either the aggregate capital commitments of limited partners or invested capital of the partnership, as determined under Fund Governing Documents, calculated and payable quarterly in advance. C3CM receives a fixed management fee from LKCM for each LKCM HW Fund, pursuant to the terms of a sub-advisory agreement. HW II Sidecar pays a management fee equal to 1% per annum of invested capital, as determined under Fund Governing Documents. C3CM does not currently receive a separate sub-advisory fee for HW II Sidecar.

LKCM, C3CM, or their respective affiliates may enter into management consulting or advisory agreements with one or more Portfolio Companies pursuant to which such person receive management, performance, oversight, board, administrative or similar fees in connection with management, monitoring, administrative or similar services provided to such Portfolio Companies. These fees generally are not negotiated, may be paid in cash, securities of Portfolio Companies or otherwise, and are in addition to investment management fees received from the LKCM HW Funds. Management fees are generally offset by 80% of any such fees received by C3CM, LKCM or any of their affiliates from Portfolio Companies. In addition, 80% of any other fees received by C3CM, LKCM or any of their affiliates in conjunction with Portfolio Company transactions, which may include commitment, break-up, "topping," management, monitoring, oversight, consulting, director or similar fees, will be applied, after reimbursement of out-of-pocket expenses by such parties, to reduce management fees. Only fees received that are related to the relevant LKCM HW Fund's invested capital in any Portfolio Investment are subject to the management fee offset. The offset does not apply to any portion of fees received by C3CM or Robertson III that are allocable to any non-LKCM HW Fund investors, including BIP I, BIP II, or Robertson III investments in such Portfolio Companies. Portfolio Companies may engage and retain operating partners, consultants, advisors or other professionals that are not employees of C3CM or LKCM and who receive payments for their services. Such amounts are not subject to the offset arrangements described above.

The LKCM GPs receive a 20% carried interest based on a percentage of the net profits distributed by the LKCM HW Funds and HW II Sidecar after Investors have received a return of invested capital plus a preferred return (generally 8% per annum for the LKCM HW Funds or 12% for HW II Sidecar) on the net outstanding invested capital contributions calculated from the date each capital contribution is due to the date of return, as determined under Fund Governing Documents. The carried interest is subject to clawback, as determined under Fund Governing Documents.

C3CM and LKCM principals, employees, and their affiliates and related parties are limited partners in the LKCM HW Funds. All partners pay management fees at this time; however, performance-based compensation is generally waived for such parties. LKCM GP may waive or reduce management fees or any portion of carried interest, in its discretion. Thus, different Investors in the LKCM HW Funds may pay different fees based on side letters or other agreements. Except as otherwise agreed, the LKCM GPs are not obligated to waive or reduce fees for any other Investor when offering waivers or reductions to a particular Investor.

C3CM, LKCM and/or LKCM GP may receive management fees, performance incentives and/or other related fees from co-investors, co-investment vehicles and/or with respect to co-investments related to LKCM HW Portfolio Companies. The fees and expenses charged to co-investors and co-investment vehicles may be different than fees and expenses paid by the LKCM HW Funds.

SPV Fees

The SPVs do not pay management fees. However, as general partner for BIP I, C3CM is entitled to a 10% profit allocation or “***participation right***” after limited partners have received 150% of their aggregate capital contributions. The general partner reserves the right to reimburse any limited partner for their pro rata share of the general partner’s 10% participation right or to make a special distribution and allocation to any limited partner to effectively “exempt” (partially or fully) such limited partner from the application of the general partner’s 10% participation right. BIP II does not include a provision for a general partner participation right.

Other Fees and Expenses

In addition to the management fee, each Private Fund pays its own operating expenses, pursuant to the terms established in the Fund’s Governing Documents (“***Partnership Expenses***”), which may include, among others:

- Fees and expenses incurred in evaluating, negotiating, structuring, acquiring or disposing of investments, including investments not consummated (i.e., “***dead deal costs***”);
- Fees and expenses incurred in carrying, managing, monitoring or otherwise dealing with investments, such as legal, due diligence, financing, custodial, consulting, accounting, recordkeeping, investment banking, brokerage, and administration fees and expenses;
- Fees and expenses incurred in preparing financial reports and tax returns;
- Accounting, administration, legal, tax and other professional fees and expenses;
- Fees, expenses and charges incurred in connection with investment, acquisition and trading activities, such as brokerage commissions, margin interest, custodial fees and other transaction costs;
- Interest on, and fees and expenses arising out of, borrowings;
- Research and investment-related travel and entertainment fees and expenses; and
- Other organizational and operating fees, costs and expenses.

The LKCM HW Funds, HW II Sidecar and/or Portfolio Companies generally bear or reimburse travel and other business-related expenses incurred by C3CM, LKCM or related persons in connection with our performance of such services for such Portfolio Companies, and such amounts are not considered management fees or subject to the offset arrangements described above.

Co-investors or co-investment vehicles established to invest in Portfolio Companies, including BIP I and BIP II, will generally be responsible for their own operating expenses. While co-investors will be responsible for fees and expenses incurred in evaluating, negotiating, structuring, acquiring or disposing of the Portfolio Companies in which they invest, they generally will not share in general dead deal costs that are unrelated to Portfolio Companies in which they invest or for which they were established to invest.

The general partner for each Private Fund, and for the LKCM HW Funds, HW II Sidecar, LKCM and C3CM, are each generally responsible for their own general overhead and administrative expenses, including salaries and employee compensation and benefits, office space and utilities (“**General Partner Expenses**”). Partnership Expenses are described more fully in the Governing Documents for each Private Fund.

Pursuant to the relevant Fund’s Governing Documents, Investors are charged for management fees and Partnership Expenses either through 1) a “capital call” by which the Investor must pay the required amount from its undrawn capital commitment to the fund; 2) a deduction from available cash held by the fund; 3) amounts drawn on the relevant fund’s credit facility; or 4) a deduction from each partner’s capital account.

ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As noted above, the Private Funds and certain SPVs generally pay carried interest or performance-based fees to the general partner that are tied to the performance of the relevant fund. C3CM’s receipt of performance-based fees raises certain conflicts of interest, which are described below.

Investment Selection

As described in Item 5 above, subject to certain limitations, C3CM and the LKCM GPs receive performance-based compensation. The receipt of performance-based compensation creates a potential conflict of interest in that C3CM and the LKCM GPs have an incentive to make investments for the LKCM HW Funds or their Portfolio Companies that are riskier or more speculative than would be the case in the absence of performance-based compensation.

To mitigate these conflicts, the Investment Committee for the LKCM HW Funds must approve all investment decisions for the LKCM HW Funds. In addition, C3CM’s Managing Director has invested substantial personal funds in the Private Funds, and C3CM’s policies and procedures seek to provide that investment decisions are made in accordance with the fiduciary duties owed to the Private Funds and without consideration of C3CM’s or its related persons’ pecuniary, investment or other financial interests.

Side-by-Side Management

The performance-based fees paid by each of the LKCM HW Funds and SPVs may differ. Such differences in fee structure could theoretically incent C3CM to favor one Private Fund over another in its investment allocations. This potential conflict is mitigated in that in the event a potential investment may be appropriate for both LKCM HW Funds, LKCM and C3CM will act in a manner that they consider to be fair, reasonable and equitable under the circumstances in allocating such investment opportunity.

The LKCM HW Funds and the SPVs may invest in the same portfolio companies. C3CM seeks to mitigate potential conflicts that may exist due to the differences in fees paid by each of these funds by making full disclosure to the Investment Committee regarding the SPVs’ interest in such portfolio companies and by fully disclosing such potential conflicts to all investors through disclosures in this Brochure. In addition, C3CM’s Managing Director has a substantial personal investment in each fund and is therefore incented to act in the best interest of both LKCM HW and the SPVs.

In addition, HW II Sidecar invests in some, but not all, of the same portfolio companies as LKCM HW II. The LKCM GPs seek to mitigate potential conflicts related to parallel investments by related entities in portfolio companies by making full disclosure to the relevant fund’s Limited Partner Advisory Committee.

ITEM 7: TYPES OF CLIENTS

C3CM provides investment management services solely to Private Funds as described in Item 4 above.

The LKCM HW Funds generally require a minimum capital commitment of \$1 million. The general partner may waive this minimum capital commitment in its discretion. Investors in the LKCM HW Funds must qualify as “accredited investors” and “qualified purchasers” or “knowledgeable employees” under applicable federal securities laws.

The general partner of the LKCM HW Funds may waive their respective minimum investment amounts for C3CM, our principals, affiliates, employees and related parties. Additional information regarding the minimum initial investment amounts, capital commitments, eligibility criteria, and purchase and redemption requirements for the LKCM HW Funds are described in Fund Governing Documents.

The SPVs do not have a specified minimum investment amount. Investors in the SPVs are typically family members or other close business associates or relationships and must qualify as “accredited investors” under applicable federal securities laws.

ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Following is a summary of the investment strategies and material risks involved in C3CM’s investment activities. Investors and potential investors should review the applicable Governing Documents for the particular Private Fund in which they are considering investing for a more comprehensive discussion of the relevant risks associated with investing in that Private Fund.

Methods of Analysis and Investment Strategies

LKCM HW I

Investment Objective: The Fund seeks to achieve long-term capital appreciation primarily through investments in Portfolio Companies.

Principal Investment Strategy: The Fund seeks to achieve its investment objective by primarily establishing controlling positions in lower middle-market companies. The Fund may also make other types of portfolio investments, including control positions in publicly-traded companies. The Fund generally seeks to make 10 to 15 platform investments, typically in the range of \$5 million to \$25 million of equity per investment. The Fund generally will not invest more than 20% of its capital commitments in a single portfolio investment. The minimum size of each portfolio investment will generally be at least 2% of the Fund’s capital commitments.

LKCM HW II

Investment Objective: The Fund seeks to achieve long-term capital appreciation primarily through investments in Portfolio Companies.

Principal Investment Strategy: The Fund seeks to achieve its investment objective by primarily making controlling and/or strategic investments in lower middle-market companies. The Fund may also make other types of portfolio investments, including control positions in publicly-traded companies. The Fund generally seeks to make 8 to 15 platform investments, typically in the range of \$10 million to \$40 million of equity per investment. The Fund generally will not invest more than 20% of its capital commitments in a single portfolio investment. The minimum size of each portfolio investment will generally be at least \$5 million.

HW II Sidecar

Investment Objective: The Fund seeks to achieve long-term capital appreciation primarily through investments in Portfolio Companies alongside LKCM HW II.

Principal Investment Strategy: The Fund intends to primarily make co-investments alongside LKCM HW II in lower middle-market companies, although the Partnership may also make co-investments alongside LKCM HW II in publicly-traded companies or other types of investments. The Partnership generally expects to make three (3) to ten (10) Portfolio Investments, typically in the range of \$10 million to \$40 million of equity per investment. The Partnership generally does not intend to invest more than twenty-five percent (25%) of its aggregate Capital Commitments (as defined below), measured at the time of investment, in a single Portfolio Investment. In addition, the minimum size of each Portfolio Investment, measured at the time of investment, generally will be at least \$5 million.

LKCM HW III

Investment Objective: The Fund seeks to achieve long-term capital appreciation primarily through investments in Portfolio Companies.

Principal Investment Strategy: The Fund seeks to achieve its investment objective by primarily making controlling and/or strategic investments in lower middle-market companies. The Fund may also make other types of portfolio investments, including control positions in publicly-traded companies. The Fund generally seeks to make 8 to 15 platform investments, typically in the range of \$10 million to \$75 million of equity per investment. The Fund generally will not invest more than 20% of its capital commitments in a single portfolio investment. The minimum size of each portfolio investment will generally be at least \$5 million.

SPVs

The SPVs were created for the purpose of facilitating an investment in one or more specific private equity investment opportunities identified by the general partner. The SPVs also seek to achieve long-term capital appreciation through the investment in such Portfolio Companies.

Material Investment Risks

The LKCM HW Funds' investment activities involve a significant degree of risk. There can be no assurance that the Fund will be able to realize returns on its investments it manages or that the returns will be commensurate with the risks of investing in the type of companies and transactions described in the Fund's Governing Documents. Accordingly, an investment in the Fund should only be considered by persons who can afford a loss of their entire investment. The Fund's portfolio investments involve a number of material risks including (but not limited to) the following:

Compensation Risk: We are entitled to receive management fees from the partnership, and the general partner of the partnership is entitled to receive performance-based compensation based on the performance of the partnership, subject to certain limitations. Management fees could motivate us to gather more assets than we can manage effectively. Performance-based compensation could motivate us, due to our affiliation with the general partner of the applicable partnership, to make investments that are riskier or more speculative than would be the case if such arrangements did not exist. These compensation structures create potential conflicts of interest because we have an incentive to make investment or other decisions for the partnership that benefit our and/or the general partner's financial interests.

Competition Risk: We expect to encounter competition from other funds and fund managers having similar investment objectives. Potential competitors include other private equity partnerships, business development

companies, investment partnerships and corporations, small business investment companies and large industrial and financial companies investing directly or through affiliates and individuals. Some of these competitors may have more relevant experience, greater financial resources and more personnel than we have. To the extent that we encounter competition for investments, our investment returns may be adversely affected.

Concentration Risk: The partnership's investments generally are not required to be diversified, and it is possible that the partnership's investments could be concentrated in only a few industries, sectors, companies, geographic regions, asset classes, or strategies. This limited diversity could expose the partnership to losses disproportionate to market movements in general.

Counterparty Risks: The partnership may enter into transactions with third parties in which the failure or delay of the third party to perform its obligations could have an adverse effect on the partnership. The partnership's assets will generally be held in the name of its prime broker or custodian, and the insolvency of the prime broker or custodian may result in the loss of the partnership's assets.

Derivatives Risk: The partnership may invest in derivative instruments, such as options, warrants or rights. Many derivatives provide exposure to potential gain or loss from a change in the market price of a financial instrument in an amount that greatly exceeds the cash or assets required to establish or maintain the derivative. Accordingly, relatively small price movements in the underlying financial instrument may result in immediate and substantial losses to the partnership. Many derivatives are illiquid and involve exposure to the credit risk of the counterparty because they depend on the counterparty's ability to perform under the contract.

Equity Securities Risk: The partnership invests in equity securities and therefore is subject to stock market risks and significant fluctuations in value. The partnership's investments in equity securities may include common stocks, limited partnership interests, limited liability company interests, preferred stocks, rights, warrants and other equity securities. Common stocks, limited partnership interests and limited liability company interests generally are subordinate to the issuing company's debt securities, credit obligations and preferred stock upon the liquidation or bankruptcy of the issuing company. Preferred stocks are sensitive to movements in interest rates and are generally subordinate to the issuing company's debt securities and credit obligations upon the liquidation or bankruptcy of the issuing company. Rights and warrants do not carry dividend or voting rights with respect to the underlying security, and their values do not necessarily change with the value of the underlying securities.

General Market and Economic Risk: Factors that affect markets in general, including political, regulatory, market and economic developments and other developments that impact specific economic sectors, industries and segments of the market, could adversely impact the partnership's investments. Turbulence in financial markets and reduced liquidity in credit, equity and fixed income markets may negatively affect many issuers worldwide and correspondingly the value of the partnership's investments.

Hedging Risk: The partnership may utilize financial instruments, both for investment purposes and for risk management purposes, in an effort to, among other things, protect against possible changes in the market value of its investment portfolio resulting from fluctuations in the securities markets and changes in interest rates, enhance or preserve returns or gains in on any investment in its portfolio, or hedge interest rate or currency exchange rate exposure on any of its liabilities or assets. The success of the partnership's hedging strategy will depend, in part, upon our ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the portfolio investments being hedged. While the partnership may enter into hedging transactions in an effort to reduce risk, such transactions may result in poorer overall performance for the partnership than if it had not engaged in such hedging transactions. The partnership will not be required to hedge any particular risk in connection with a

particular transaction or its portfolios, and there can be no assurances that the partnership's hedging strategies or transactions, if any, will be successful.

Illiquid Investments Risk: The partnership may hold investments that are illiquid or have no public trading market, or liquid investments may become illiquid in the future under certain market conditions. Any such investments may be difficult to sell or may be sold only at a substantial discount. If the size of the partnership is reduced through withdrawals, the illiquidity of the partnership's investments could increase, as liquid assets are sold to satisfy withdrawals while illiquid assets are retained.

Inflation Risk: Higher actual or anticipated inflation may have an adverse effect on corporate profits or consumer spending and result in lower values for securities held by the partnership.

In-Kind Distributions Risk: A withdrawing limited partner may, at the discretion of the general partner, receive securities owned by the partnership in lieu of, or in combination with, cash. The value of securities distributed in-kind may increase or decrease after the distribution is made and before the security is sold by the limited partner. The risk of loss and delay in liquidating these financial instruments will be borne by the limited partner, with the result that the limited partner may ultimately receive less cash than it would have received on the date of withdrawal if it had been paid in cash.

Investment Selection Risk: The performance of the partnership depends on our ability to select and size investments appropriately and correctly predict future price movements, economic and market conditions, and/or the value of equity securities, fixed income securities and/or other investments. The value of investments held by the partnership may be adversely impacted by developments affecting the specific issuer of the security or its particular industry or sector. These developments may include a variety of factors, such as management issues, political or regulatory factors, a decline in revenues or profitability, losses of key suppliers, customers or material contracts, a failure to meet expectations for earnings or other financial or business metrics, litigation, bankruptcy, an increase in operating or other costs, defaults under credit arrangements or material contracts, weak demand for the issuer's products or services, or other events that adversely impact the issuer's competitive position.

Leverage and Borrowing Risk: The partnership has the power to borrow funds and incur leverage. These borrowings may be secured by assets of the partnership. The use of leverage can increase the partnership's exposure to rising interest rates, downturns in the economy, or deterioration in the business, financial condition or prospects of the partnership or its investments. The use of margin and short-term borrowings creates risks for the partnership. If the value of the partnership's securities falls below the margin level required by its prime broker, additional margin deposits would be required. If the partnership is unable to satisfy any margin call by its prime broker, then the prime broker could liquidate some or all of the partnership's investment positions and cause the partnership to incur significant losses. The inability of the partnership to service its debt obligations could have a material adverse impact on the partnership or its investments.

Liquidity Risk: An investment in the partnership provides limited liquidity since the investment is not freely transferable. A limited partner generally has the right to withdraw amounts from its capital account only on a limited basis (if at all) in accordance with the terms of the partnership's offering and organizational documents. In addition, the partnership is susceptible to the risk that certain investments held by the partnership may have limited marketability and may be difficult to sell at favorable times or prices or at all. The partnership could lose money if it is unable to dispose of an investment at a time that is most beneficial to the partnership.

Management Risk: We actively manage investments in the partnership. The value of the partnership's investments may decline if we fail to correctly identify risks affecting the broad economy or specific markets,

industries or companies in which the partnership invests, or if investments we select for the partnership fail to perform as anticipated.

Micro-Cap Risk: The partnership invests in securities of companies with micro capitalizations, which involve higher risks than investments in securities with small, mid or large capitalizations. As a result, the securities of micro capitalization companies held by the partnership may be less liquid and subject to greater market risks and fluctuations in value than small, mid or large capitalization companies or may not correspond to changes in the stock market in general.

Mid-Cap Risk: The partnership invests in securities of companies with mid capitalizations, which involve higher risks than investments in securities with large capitalizations. As a result, the securities of mid capitalization companies held by the partnership may be less liquid and subject to greater market risks and fluctuations in value than large capitalization companies or may not correspond to changes in the stock market in general.

Portfolio Company Management Risk: Each portfolio company's day-to-day operations are the responsibility of such company's management team. Although we are responsible for monitoring the performance of each investment and may be actively involved in its activities, there can be no assurance that the existing management team, or any successor, will be able to operate the portfolio companies in accordance with our plans. Inadequate performance of a portfolio company's management team could have a negative impact on the partnership's investment in such portfolio company.

Private Investments Risk: Identifying and participating in attractive investment opportunities and assisting in the building of successful enterprises are difficult tasks. There generally is little or no publicly available information regarding the status and prospects of companies in which the partnership invests. Many investment decisions are dependent upon our ability to obtain relevant information from non-public sources, and we often are required to make decisions without complete information or in reliance upon information provided by third parties that is impossible or impracticable to verify. The marketability and value of each investment depends upon many factors beyond our control. Portfolio companies may have substantial variations in operating results from period to period, face intense competition and experience failures or substantial declines in value at any stage. Portfolio companies may need substantial additional equity or debt capital to support growth or to achieve or maintain a competitive position. Such capital may not be available on attractive terms, or may not be available at all. The Partnership may not be able to protect its investments from dilution in multiple rounds of financing of portfolio companies. An otherwise successful investment in a business may yield poor investment returns if we are unable to consummate and execute a timely exit strategy. The receptiveness of potential acquirers of portfolio companies will vary over time and, even if an investment in a portfolio company is disposed of via a merger, consolidation or similar transaction, our investment in the surviving entity may not be marketable.

Small-Cap Risk: The partnership invests in securities of companies with small capitalizations, which involve higher risks than investments in securities with mid or large capitalizations. As a result, the securities of small capitalization companies held by the partnership may be less liquid and subject to greater market risks and fluctuations in value than mid or large capitalization companies or may not correspond to changes in the stock market in general.

Tax Risk: The partnership intends to operate as partnership for U.S. federal tax purposes. If the partnership were taxable as a corporation, the partnership would be subject to U.S. federal income taxes on any taxable income at regular corporate tax rates and the limited partners would effectively be taxable as corporate shareholders. If the partnership conducts activities or does business in any state, the partnership and the limited partners may be subject to additional taxes and may be required to file state tax returns. The ability of limited partners to deduct certain losses generated by the partnership may be limited under the "at-risk"

and “passive loss” limitations of applicable tax laws. Tax-exempt limited partners may be subject to “unrelated business taxable income” in connection with the partnership’s activities.

Valuation Risks. Although the general partner of the partnership attempts to value the partnership’s investments at fair value, the general partner’s best judgment as to the fair value of any investment may not accurately reflect the prices at which the partnership could actually sell such investments, particularly illiquid investments. In valuing illiquid investments, the general partner generally determines the fair value of the partnership’s investments based on a variety of valuation methodologies, which typically depend on subjective estimates and assumptions. A failure to properly value the partnership’s assets could have an adverse effect on the returns earned and amounts received by limited partners. All values assigned to assets and liabilities of the partnership by its general partner are conclusive and binding on all limited partners.

Cybersecurity Risks. C3CM and its service providers depend on information technology systems and notwithstanding our efforts and resources devoted to ensuring that such systems are reliability and secure, there is a risk that such systems may be breached or unavailable to execute transactions or engage in activities when desired. Our information and technology systems are vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes.

Epidemics, Pandemics, and Public Health Issues. Our business activities as well as our clients and their operations and investments could be adversely affected by the outbreaks of epidemics in China and globally, such as Coronavirus, Ebola, H1N1 flu, H7N9 flu, H5N1 flu, Severe Acute Respiratory Syndrome, or SARS, or other epidemics. Specifically, Coronavirus, or COVID-19, has been spreading rapidly around the world since December 2019 and has negatively affected the global economy and the stock market. Although the long-term effects of coronavirus cannot currently be predicted, previous occurrences of other pandemic and epidemic diseases, such as H5N1 and H1N1, had an adverse effect on the economies of those countries in which they were most prevalent. A recurrence of an outbreak of any kind of epidemic, communicable disease or virus or major public health issue could cause a slowdown in the levels of economic activity generally, which would adversely affect the business, financial condition and operations of us and our clients. Should these or other major public health issues, including pandemics, arise or spread farther, we and our clients could be adversely affected by more stringent travel restrictions, additional limitations on the firm’s operations or business and governmental actions limiting the movement of people between regions and other activities or operations.

ITEM 9: DISCIPLINARY INFORMATION

C3CM is required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of C3CM or the integrity of C3CM’s management.

C3CM has no information to disclose in response to this Item.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

LKCM HW Fund and Portfolio Company Activities

Robertson III is an owner and Co-Managing Partner of the LKCM GPs, which serve as general partner to the LKCM HW Funds, as described in Item 4 above. The LKCM HW Funds may enter into co-investment arrangements with Investors or other third-party investors and make investments with these Investors or other

third-party investors in certain special purpose entities or alternative investment vehicles created solely for purposes of the co-investment arrangement.

Robertson III may serve as director, officer or committee member of various Portfolio Companies and could face conflicts of interest between discharging his duties to the Portfolio Companies and acting in the best interest of Clients. A pro-rata amount of any compensation received by Robertson III in such capacities as director, officer or committee member, based on the amount of the LKCM HW Fund's and Co-Investment Vehicle's investment in such Portfolio Company, will offset management fees as discussed in Item 5 above. Robertson III may retain a pro-rata amount of such compensation based on the amount of Robertson III's personal investment or the SPV's investment in such Portfolio Company.

Quintana Capital Group

Robertson III is an owner of various interests associated with the Robertson family holding company and is an owner and director of QEP Management Co. GP, LLC ("***Quintana***"), an exempt reporting adviser. Quintana serves as investment adviser to energy focused private equity funds (the "***Quintana Funds***") and related investment vehicles. The Quintana Funds primarily invest in the energy industry, and Quintana affiliates are independently engaged in activities involving the energy industry. LKCM HW I previously purchased a portfolio company from a Quintana Fund, consistent with terms of Fund Governing Documents and with approval of the Fund's Investment Committee and Limited Partner Advisory Committee. The Quintana Funds are no longer making new investments, and Robertson III no longer works on Quintana activities or serves on the Board for any Quintana Fund portfolio companies. Therefore, we do not anticipate material conflicts of interest between the Quintana Funds and C3CM and the Private Funds it manages. In the event conflicts are identified, C3CM will attempt to mitigate such conflicts through full disclosure to the LKCM HW GP and the relevant Fund's Investment Committee, if applicable, and disclosure to Clients and investors. C3CM and its supervised persons will utilize good faith judgment to ensure that it acts in the best interests of its Clients.

Other Investment & Business Activities

Robertson III has engaged in other business ventures, including outdoor and sporting apparel companies, recreational real estate properties and businesses, agricultural properties, fast food franchises, and a fractional private jet. Robertson III also manages other family investment trusts or entities, has various other personal and family investments, which include energy related ventures and other private equity investments. Robertson III may serve in an active or passive capacity with respect to such private equity and other investments. While we do not expect such activities to present material conflicts of interest with respect to C3CM or LKCM HW Fund activities, C3CM will attempt to mitigate any such conflicts through full disclosure to the LKCM HW GP, and disclosure to Clients and investors in this Brochure. Pursuant to C3CM's Code of Ethics, Investment Advisory Persons must report all outside business activities and personal investments. Please also refer to Item 11 - Code of Ethics for a discussion on potential conflicts of interest.

Allocation of Time

Currently approximately 75% of Robertson III's time is spent on LKCM HW Fund activities, and the remaining 25% on other business and investment activities.

Other Registered Activity

Neither C3CM nor any of its supervised persons or affiliates is registered, nor has an application pending to register as a broker-dealer, registered representative of a broker-dealer, futures commission merchant ("***FCM***"), commodity pool operator ("***CPO***"), commodity trading advisor ("***CTA***") or an associated person of an FCM, CPO or CTA.

ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Code of Ethics

C3CM has adopted a comprehensive Code of Ethics (“**Code**”) to govern personal transactions by employees and to assure that their interests do not conflict with the interests of Clients or, as applicable, Investors in Private Funds. As such, C3CM’s Code includes: (i) standards of business conduct, requiring that employees comply with relevant provisions of the federal securities laws and the fiduciary duties an investment adviser owes to its clients; (ii) personal securities transaction policies governing personal investment activities and requiring the submission by access persons of reports regarding their personal accounts, holdings and trading activities; and (iii) an insider trading policy. All employees of C3CM are considered to be “access persons” for purposes of the Code. Personnel who fail to observe the Code and related compliance policies risk serious sanctions, including dismissal and personal liability. C3CM’s Code is available to existing and prospective Clients or Investors upon request.

Personal Securities Transactions Policy

C3CM’s Code includes a personal securities transactions policy, which imposes certain requirements and restrictions with respect to personal trading and investment activity by access persons. In particular, the Code prohibits front-running Client transactions and requires access persons to obtain the approval of the CCO prior to investing in certain restricted securities, initial public offerings (“**IPOs**”) and private placements, including private equity investments. Employees must identify and disclose potential conflicts and business or other relationships between proposed private investments and Client portfolio investments.

Reporting Requirements under the Code

To assist C3CM in monitoring personal trading activities in order to detect potential conflicts of interest or violations of the Code, fiduciary duty or applicable law, access persons must provide periodic reports with respect to personal securities transactions, holdings and accounts, including annual reports of holdings in certain, reportable securities and quarterly reports of their personal transactions in reportable securities. These reports are submitted through an electronic reporting system and reviewed by the CCO or the CCO’s designee.

Insider Trading Policy

C3CM and its supervised persons may, from time to time, come into possession of material nonpublic and other confidential information, which, if disclosed, might affect an investor’s decision to buy, sell or hold a security. Under applicable law, C3CM is generally prohibited from improperly disclosing or using such information for its personal benefit or for the benefit of any other person, regardless of whether that other person is a Client. C3CM’s Code establishes procedures to prevent the misuse of material nonpublic information by C3CM’s supervised persons. Accordingly, should C3CM come into possession of material nonpublic or other confidential information with respect to any company, it may be prohibited from communicating that information to, or using that information for the benefit of its Clients, and has no obligation or responsibility to disclose such information to, nor responsibility to use that information for the benefit of, the Clients when following policies and procedures designed to comply with law.

Gifts and Entertainment

C3CM employees may on occasion give or accept gifts or entertainment. C3CM’s Code requires that employees act in the best interest of C3CM and its Clients and avoid giving or receiving any gift or

entertainment that might create an actual or perceived conflict of interest or impropriety in the course of the Company's business relationships, or otherwise violate application laws or regulations.

Political Contributions

C3CM employees may on occasion make political or charitable contributions. C3CM employees are required to seek prior approval before making political contributions to any political official, candidate for political office, political party or political action committee ("**PAC**"). Political contributions are generally permitted except where such contributions may raise issues under the pay-to-play rule.

Our Code of Ethics is available to existing and prospective clients upon request. To receive a copy of our code of ethics, please contact:

Teri Ashley
C III Capital Management, LLC
1415 Louisiana Street, Suite 2400
Houston, Texas 77002
713-751-7570
tashley@quintanaminerals.com

Participation or Interest in Client Transactions; Related Person Investments

Robertson III engages in a broad range of investment activities, for his own account and for family entities or investment vehicles, including private equity and other alternative investments as well as publicly-traded securities. C3CM and its affiliates' proprietary and personal investments may be complementary, competing and, in some cases conflicting, with investments of C3CM and its Clients. C3CM and its affiliates may invest directly or indirectly in the same Portfolio Companies in which the LKCM HW Funds invest. C3CM and its affiliates may also invest in other private or public companies that have business relationships with Portfolio Companies. Additionally, C3CM and its affiliates may invest or otherwise have an interest, either directly or indirectly, in a Private Fund, which, in turn, may invest, directly or indirectly, in Portfolio Companies or securities held by Clients or private or public companies that have business relationships with Portfolio Companies.

LKCM HW I has invested in the same portfolio companies held by the SPVs, and the LKCM HW Funds or Co-Investment Vehicles may in the future invest in portfolio companies held by SPVs or other Private Funds for which C3CM serves as general partner. C3CM will only recommend such a related party transaction if it believes that it is in the best interest of both participating Private Funds and that the economic terms in which each fund participates are fair and equitable. See also the disclosure in Items 6 and 10 above regarding such related party transactions.

In performing its advisory services, C3CM may give advice to, and take action with respect to, Clients that may differ from actions taken by C3CM on behalf of other Clients and proprietary and personal investments. C3CM is not obligated to recommend, buy or sell, or to refrain from recommending, buying or selling for any Account any security that C3CM or an affiliate may buy or sell for its or their own accounts or for any other Clients C3CM or its affiliates manage. However, C3CM has implemented policies and procedures relating to personal securities transactions and insider trading, as described above, that are designed to identify potential conflicts of interest, to prevent or mitigate actual conflicts of interest and to resolve and/or disclose conflicts appropriately, if they do occur.

Principal Transactions

Neither C3CM nor any affiliate may purchase a security from or sell a security to (*i.e.*, engage in any principal transaction with) a Client unless it complies with applicable law and relevant policies and procedures. In

order to ensure that it obtains requisite consent required by Section 206(3) of the Advisers Act, C3CM will not engage in any principal transaction with the LKCM HW Funds without disclosure to and approval of the relevant fund's Limited Partner Advisory Committee.

Portfolio investments for the LKCM HW Funds identified on or before the initial closing date (each a "*Warehoused Investment*") may have been acquired by the respective LKCM GP or an affiliate and thereafter transferred or sold to or for the benefit of the respective LKCM HW Fund or any subsidiary thereof. In general, Warehoused Investments are transferred or sold to the relevant LKCM HW Fund at a price equal to the cost of the Warehoused Investment plus any interest on funds borrowed to acquire such Warehoused Investment, as determined by the respective LKCM GP. The relevant LKCM HW Fund will also pay or reimburse the LKCM GP or respective affiliates for its share of costs and expenses associated with the transfer or sale of any Warehoused Investment to the LKCM HW Fund.

Co-Investment Opportunities

The LKCM GPs have established HW II Sidecar and may establish one or more additional Co-Investment Vehicles to provide one or more persons with the opportunity to directly or indirectly co-invest with the LKCM HW Funds in certain Portfolio Investments. In connection with any portfolio investment, where the transaction requires or permits a larger investment than appropriate for a Private Fund, the general partner may in its sole discretion (but shall not be required to), offer to certain Limited Partners or other related or unaffiliated parties the opportunity to co-invest with the fund on such terms and conditions as the general partner determines. Subject to any restrictions contained in the offering or organizational documents of the Fund or any side letter or other terms negotiated with respect to such Fund, in general, (i) no investor in a Fund has a right to participate in any co-investment opportunity, (ii) decisions regarding whether and to whom to offer co-investment opportunities are made in the sole discretion of the general partner of the Fund, (iii) co-investment opportunities may, and typically will, be offered to some and not other investors in the Fund, and (iv) certain persons other than Fund Investors (e.g., third parties) may be offered co-investment opportunities, in the sole discretion of the Fund's general partner. C3CM and its related persons may participate in Co-Investment Opportunities. All co-investors will generally acquire and divest of the investment at the same time as the Fund and on substantially similar terms to the Fund, or as the general partner otherwise determines is in the best interest of the Fund. The investment adviser(s) and general partner may receive management fees and carried interest with respect to any co-investment opportunities. Fees and expenses paid by co-investors may be less than fees and expenses paid by the Fund.

ITEM 12: BROKERAGE PRACTICES

The LKCM HW Funds' and the SPV transactions typically are privately negotiated transactions that are not executed by a broker-dealer. However, the LKCM HW Funds may utilize the services of investment bankers in connection with Portfolio Company acquisitions, sales, financing and other transactions. In addition, on occasion, the LKCM HW Funds may purchase or sell publicly-traded securities on the open market through broker-dealers, or may receive security positions from a Portfolio Company as part of a distribution or liquidation of that Portfolio Company and sell such positions in the open market through broker-dealers. Generally, LKCM is responsible for selecting broker-dealers with respect to any LKCM HW Fund trades.

In situations where C3CM chooses the broker-dealer to purchase or liquidate these positions, C3CM selects brokers and dealers based upon their reputation, quality of service, and ability to liquidate the particular security, consistent with its duty to seek best execution. When selecting a broker or dealer, C3CM will take into account factors such as execution capabilities, commission rates, responsiveness and financial responsibility. In applying these factors, C3CM recognizes that different brokers may have different execution capabilities with respect to different types of securities and transactions, and that no one broker will likely be judged the best at every relevant factor as a general matter or with respect to any particular

transaction. C3CM currently does not generate soft dollars or pay for Client or Investor referrals through brokerage commissions from LKCM HW Fund transactions.

Soft Dollars

The Company does not currently have any soft dollar or commission sharing arrangements.

Brokerage for Client Referrals

The Company does not currently have any arrangements whereby brokers provide capital introduction or other placement services to the Private Funds or otherwise make client referrals.

Directed Brokerage

C3CM does not recommend, request or require that a Client direct trades to a specified broker-dealer. In the event a Client does direct trades to a specified broker-dealer, C3CM may be unable to achieve most favorable execution of Client transactions and thus Clients may pay higher commissions or costs than C3CM may have negotiated or achieved.

Aggregating Orders

C3CM generally does not have multiple Clients transacting in the same securities at the same time. Therefore, C3CM generally does not aggregate the purchase or sale of securities for various clients.

ITEM 13: REVIEW OF ACCOUNTS

Reviews

The Managing Director continuously reviews general economic and market conditions and developments, as well as specific companies, securities and investment ideas. The Managing Director meets with LKCM staff periodically to evaluate investment opportunities for the LKCM HW Funds and monitor the performance of Portfolio Companies review and monitor client portfolios for adherence to the portfolio's investment strategy and guidelines.

Reports

Limited partners of the LKCM HW Funds generally receive quarterly written performance reports summarizing portfolio investments and performance, and including financial statements and a capital account statement. Additionally, the Private Funds provide annual audited financial statements to each limited partner within 120 days after the end of the fiscal year. Reports include or are accompanied by information with respect to the performance of the Fund, information about the limited partner's capital account and certain tax-reporting information (e.g., Form K-1). In response to questions and requests in connection with due diligence meetings and other communications the general partner may provide additional information that is not distributed to other Investors.

Investors in the SPVs generally receive unaudited financial statements quarterly and information about the investor's capital account, periodic valuations and portfolio company updates, and certain tax-reporting information (K-1s) annually. In addition, investors in the SPVs receive brokerage statements directly from the broker at least quarterly.

C3CM staff are available for discussions with Clients or Investors at other times as requested.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

C3CM does not currently have any arrangements with third-party solicitors or placement agents to identify potential investors or make client referrals.

Neither C3CM nor any C3CM affiliate generally receives any economic benefit from a non-client for providing investment advice or other advisory services to its Clients, except that C3CM or its affiliates may receive certain fees from the LKCM HW Fund and SPV Portfolio Companies, or in connection with Portfolio Company investments, as described in Items 5 and 10 above. As described more fully in the LKCM HW Funds' Governing Documents, any such fees – after deduction for unreimbursed expenses – generally would offset management fees paid by the LKCM HW Funds. The SPVs do not pay management fees; therefore, there is no corresponding management fee offset for these Funds.

ITEM 15: CUSTODY

Neither C3CM nor its affiliates have physical custody of any client assets. However, due to its affiliation with or role as the general partner for each Private Fund, C3CM is generally deemed to have custody of Client funds and securities for purposes of Rule 206(4)-2 under the Advisers Act.

The LKCM HW Funds, Co-Investment Vehicles and the SPVs generally only hold private securities that are purchased in privately negotiated transactions and subject to restrictions on transfer. In order to comply with Rule 206(4)-2, C3CM utilizes the services of Qualified Custodians (as identified on Section 7.B.(1) of Schedule D of C3CM's Form ADV Part 1A) to hold SPV assets, to the extent required by the Rule. C3CM also ensures that each Qualified Custodian maintains these assets in an account that contains only Client assets, under the Client's name.

In order to comply with Rule 206(4)-2, LKCM also utilizes the services of Qualified Custodians (as identified on Section 7.B.(1) of Schedule D of LKCM's Form ADV Part 1A) to hold LKCM HW Fund assets, to the extent required by the Rule. In accordance with Rule 206(4)-2, the general partner for the LKCM HW Funds engages an independent public accounting firm that is registered with, and subject to inspection by, the Public Company Accounting Oversight Board to audit each Private Fund at the end of each fiscal year. Audited financial statements are prepared in accordance with generally accepted accounting principles ("*GAAP*") and are distributed to all Investors within 120 days after the end of the fiscal year.

C3CM has engaged an independent PCAOB-registered accounting firm, EEPB, LP, to conduct a surprise examination of C3CM, which covers the funds and securities held by the SPVs. C3CM has provided notice to investors in the SPVs regarding where their funds and securities are held in custody and ensures that the custodians send statements directly to investors at least quarterly. C3CM encourages investors to compare account statements from the custodian with the reports it provides investors.

ITEM 16: INVESTMENT DISCRETION

C3CM provides investment advisory services to each Private Fund on a discretionary basis, subject to the overall supervision of the general partner. The investment objectives and restrictions of the Private Funds are set forth in the relevant Governing Documents. Investors in the Private Funds do not have authority to impose any restrictions upon C3CM's discretionary authority. However, the general partner for each Private Fund may, under certain circumstances, enter agreements or side letters with Investors that limit certain fund investments to address specific legal, regulatory, tax or policy restrictions of the Investor.

C3CM does not provide tax advice and does not provide legal advice or represent clients in legal proceedings such as class actions or bankruptcies involving portfolio holdings.

ITEM 17: VOTING CLIENT SECURITIES

C3CM currently does not vote or review proxies on securities held by any Clients or any underlying Portfolio Companies owned by Clients. In the event C3CM agrees to vote proxies in the future, it will adopt Proxy Voting Policies and Procedures that are reasonably designed to ensure that Client securities are voted in the best interest of the Clients.

ITEM 18: FINANCIAL INFORMATION

C3CM does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. C3CM is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to clients.