

**Item 1. Cover Page**

**Trilantic Capital Management L.P.  
Part 2A of Form ADV  
The Brochure**

399 Park Avenue, 39<sup>th</sup> Floor  
New York, NY 10022  
(212) 607-8450  
<https://www.trilanticnorthamerica.com>

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This brochure provides information about the qualifications and business practices of Trilantic Capital Management L.P. (“TCM”). If you have any questions about the contents of this brochure, please contact us at 212-607-8450. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Registration as an investment adviser with the SEC does not imply a certain level of skill or training. Additional information about TCM is also available on the SEC’s website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2. Material Changes**

This public filing of Form ADV Part 2A (the “Brochure”) for TCM amends and restates in its entirety any prior public filings of the Brochure. Material changes made to the prior Brochure (updated May 2019) include: (i) updating TCM’s office locations, regulatory assets under management and capital commitments under management (see Item 4), and (ii) an updated Statement of Assets, Liabilities and Partners’ Capital with respect to TCM (see Item 18).

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## Item 4. Advisory Business

TCM is an independent private equity firm with a principal place of business in New York City, New York (opened in April 2009), and an additional office in Austin, Texas (opened in May 2016). TCM’s advisory business is conducted through TCM’s New York City and Austin offices. TCM’s strategy is to make control or significant minority equity and equity-oriented investments primarily in middle-market companies with the objective of achieving appropriate risk-adjusted returns. TCM seeks to partner with management teams, entrepreneurs, and/or family owned businesses. TCM focuses primarily on investing in companies in target industry sectors in which TCM’s investment team has significant resources and expertise, within the buyout/growth capital private equity asset class.

TCM manages its Clients on a discretionary basis. As of the date of this filing, TCM manages \$6.29 billion of regulatory assets under management across five middle-market private equity fund families, representing \$8.44 billion of aggregate capital commitments of Clients.<sup>1</sup> Historically, TCM has managed six middle-market private equity fund families with overall aggregate capital commitments of \$9.6 billion.

TCM was formed under the laws of the State of Delaware on April 3, 2009, as a limited liability company, and converted to a Delaware limited partnership on January 1, 2014. In April 2009, TCM, together with Trilantic Capital Partners L.P. Inc., a Guernsey limited partnership (“Trilantic Europe”) and certain affiliates of each of them (collectively, “Trilantic”) completed the acquisition of Lehman Brothers Merchant Banking (“LBMB”) from the estate of Lehman Brothers Holdings

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<sup>1</sup> Regulatory assets under management is calculated as of December 31, 2019 with respect to Clients managed as of the date of this filing; aggregate capital commitments is calculated as of the date of this filing.

Inc. (“Lehman Brothers”). The acquisition was executed in partnership with Reinet Investments S.C.A. (“Reinet”), an investment vehicle listed on the Luxembourg Stock Exchange, with Reinet Fund S.C.A. F.I.S (a wholly-owned subsidiary of Reinet) and certain of its affiliates acquiring a minority non-operating economic interest in TCM and certain of its affiliates, and certain affiliates of Trilantic Europe in connection with the transaction (see Item 10 for additional detail). TCM has been registered with the SEC as an investment adviser since January 2010 and its principal owners are Charles Ayres (Managing Partner, Chairman of TCM and Chairman of the Executive Committee), E. Daniel James (Managing Partner and President of TCM), Christopher R. Manning (Managing Partner and Chairman of Trilantic Energy Partners North America) and Reinet. Please refer to Item 10 “*Other Financial Industry Activities and Affiliations*” for additional information about Reinet’s interest in TCM. In addition to Charles Ayres, E. Daniel James and Christopher R. Manning, the other Partners of TCM provide advice and guidance on the various industry sectors in which TCM Clients invest. These Partners include: Charles Fleischmann, Glenn Jacobson (Energy), Jeremy Lynch, Jamie Manges, Grant Palmer and Li Zhang.

TCM serves as an investment manager to Trilantic Capital Partners IV L.P. (together with certain related parallel investment vehicles and alternative vehicles, “Fund IV Global”), Trilantic Capital Partners V (North America) L.P. (together with certain related parallel investment vehicles and alternative vehicles, “Fund V North America”), Trilantic Energy Partners (North America) L.P. (together with its alternative vehicles, “TEP I North America”), Trilantic Capital Partners VI (North America) L.P. (together with certain related parallel investment vehicles and alternatives vehicles, “Fund VI North America”) and Trilantic Energy Partners II (North America) L.P. (together with certain related parallel investment vehicles and its alternative vehicles, “TEP II North America”), and collectively with Fund IV Global, Fund V North America, TEP I North America, Fund VI North America and TEP II North America, the “Funds”). Fund IV Global was organized to make private equity investments primarily in North America and Europe; Fund V North America and Fund VI North America were organized to make control or significant minority private equity investments in North America. TEP I North America and TEP II North America were organized to make control and significant minority private equity investments in energy related companies in North America. Further, TCM provides limited investment advice to certain co-investment vehicles of the Funds, including to (i) a co-investment vehicle of Fund IV Global formed for an affiliate of Reinet, which invests in and disposes of investments on a parallel basis with certain investments of Fund IV Global; and (ii) certain special purpose vehicles of Fund IV Global and Fund V North America, as well as co-investment vehicles to Fund V North America, TEP I North America, Fund VI North America and/or TEP II North America (together with the Funds, “Clients”). Certain of the aforementioned co-investment vehicles are managed on a fee-free, carried interest-free basis, or are managed with reduced management fees and/or carried interest.

TCM formulates the investment objective for each Client, directs and manages the investment and reinvestment of each Client’s assets, and provides periodic reports to investors in each Client, in accordance with each Client’s governing documents. Investment advice is provided directly to each Client, and not individually to the investors of the Clients, except to the extent the investors are separately identified as Clients herein. TCM manages the assets of each Client in accordance with the terms of the governing documents applicable to each Client.

TCM originates and recommends investment opportunities for Clients, identifies sources of capital for prospective and existing portfolio investments, structures, monitors and evaluates portfolio investments, recommends the manner and timing of dispositions of portfolio investments and provides certain other services (including certain administrative services necessary for the operation of Clients) related thereto.

Specifically, TCM generally renders the following services in connection with the Funds' investment programs:

- analysis and investigation of potential portfolio companies, including their business, operations, management, financial condition, competitive position and prospects for future performance;
- analysis and investigation of potential dispositions of portfolio investments, including identification of potential acquirers and evaluation of offers made by such potential acquirers;
- structuring of acquisitions and dispositions of portfolio investments;
- identification and arranging of sources of capital and other financing for portfolio investments and portfolio companies;
- supervision of the preparation and review of all documents required in connection with the acquisition, disposition or financing of each portfolio investment; and
- monitoring of the performance of portfolio companies and, where appropriate, providing advice to the management of the portfolio companies during the life of a portfolio investment.

Services to other Clients may vary from the services noted above based on the investment objectives of such Client. For example, a Client may be (and certain Clients have been and will be) formed for a specific portfolio investment, in which case, TCM does not provide additional investment opportunities to such Client, but will provide other services noted above in connection with the portfolio company held by such Client.

In addition to the services of its own staff, TCM arranges for and coordinates the services of other professionals and consultants. TCM may engage, and has engaged, one or more sub-advisors (including any affiliate) to perform investment advisory and investment management services to Clients. TCM currently engages Trilantic Europe as a sub-advisor in respect of a remaining Europe-based investment of Fund IV Global. All sub-advisory fees are borne by TCM at no additional cost to Clients. Additionally, TCM may be engaged to perform similar sub-advisory services and is currently engaged as a sub-advisor to an employee securities company ("ESC") related to Fund IV Global, which is a client of and advised by Lehman Brothers Private Equity Advisers L.L.C., and which previously held interests in certain portfolio companies of Fund IV Global.

*This brochure does not constitute an offer to sell or solicitation of an offer to buy any securities.*

## **Item 5. Fees and Compensation**

As of the date hereof, TCM earns management fees for its advisory services to the Funds and certain other Clients as follows:

- Management fees are paid semi-annually in advance (per the dates set forth in the governing documents applicable to the respective entity).
- During the investment period of a Client, the management fees are generally an annual fee equal to a percentage of the aggregate amount of such Client's investors' capital commitments as of the first day of the period in respect of which the management fees are then being paid, unless otherwise reduced under the terms of the respective Client's applicable governing documents (including via side letters). Certain Clients have and may in the future have a different calculation for management fees during the investment period.

As of the date of this brochure, the maximum capital commitment-based fee is based on a rate of 2.00% per year.

- After the expiration of the investment period of a Client, the management fees are an annual fee generally equal to a percentage of Capital Under Management, as defined in each respective Client's governing documents (including via side letters), which is generally calculated based on capital invested in unrealized portfolio investments on the date such management fee period begins, subject to certain adjustments specific to each Client's investment advisory agreement. As of the date of this brochure, the maximum Capital Under Management based fee is based on a rate of 1.75% per year.
- The management fees generally commence accruing as of the relevant Client's initial closing date (or a later date at the discretion of TCM) and terminate at the termination and dissolution of the Client (unless terminated earlier in accordance with each entity's operative document, or at the sole discretion of TCM). Generally, and unless explicitly stated otherwise in the operative documents of a Client, management fees are calculated at the beginning of such six-month period, without adjustment for any activity occurring during such six-month period. Management fees are paid by the applicable Client to TCM.
- The management fee is prorated for the number of days elapsed in each six-month payment period, and in the case of the last management fee period of a Client (the period commencing on the day after the last full six-month management fee period, through and including the date such Client is terminated and dissolved), if such fee period is not a full six months, TCM shall refund to each limited partner the amount of the management fee paid by such limited partner allocable to that portion of such period which is subsequent to the dissolution and termination of the Client.
- During the fundraise period of a Client, if an additional limited partner is admitted to the Client or an existing limited partner increases its capital commitment at a subsequent closing of such Client, such limited partner is obligated to pay to the Client or TCM, as the case may be, on the date of such subsequent closing (or such later date as determined by the general partner of such Client), a retroactive management fee. The retroactive management fee is calculated from the date management fees were first charged to such Fund through the subsequent closing payment date applicable to such subsequent closing limited partner, plus an interest payment determined by TCM or the Client's general partner in accordance with the terms of the governing documents of the Client.
- Gross management fees may be subject to offsets of certain transaction fees (generally, monitoring fees, directors' fees, set-up or origination fees and commitment fees from current portfolio companies of Clients and topping or break-up fees with respect to unconsummated portfolio investments) ("Available Fees"), as well as offsets for placement fees and excess organizational expenses, in each case, as described in each Client's respective governing documents.

TCM has waived, reduced or calculated differently, and may, from time to time, waive, reduce or calculate differently, management fees or carried interest for certain other Clients and investors in Clients, such as employees, Operating Executives, senior advisors (including Founders Council members), agents, consultants, strategic co-investors (and their partners, members, shareholders, employees, agents or consultants or their respective affiliates), individuals providing material business assistance to TCM or its affiliates or other third parties. For example, Reinet and its affiliates, and members of the Trilantic Advisory Boards, including the Founders Council, do not pay management fees or carried interest to TCM or its affiliates. In addition, generally, management fee rates for any specific investor within a Client deviate from the maximum rates noted above based on the size of aggregate commitments such investor, together with such investor's affiliates, invests within a specific Client (a "size-based reduction"), or may vary (and has varied) based on

when such investor invested in a Client (e.g., a “first-close reduction”). Thresholds for any management fee reductions are specific to each Client and may vary (and has in the past varied). Certain other Clients, such as certain co-investment entities of the Funds, also do not pay management fees or carried interest or pay reduced management fees or carried interest. In addition, members of the Trilantic Advisory Boards, including the Founders Council, among others, have had, and may in the future have, the contractual right to co-invest in portfolio companies of the Funds and would not pay management fees or carried interest on these investments.

*Other Fees.* In addition to management fees, TCM, its affiliates or employees may also receive the following types of fees: (i) cash and non-cash board of directors or monitoring fees from current portfolio companies; (ii) topping or break-up fees in connection with proposed but unconsummated portfolio investments; (iii) set-up or other origination fees in connection with the origination of any portfolio investment or commitment fees in connection with a Client or multiple Clients’ commitment to make an investment; (iv) disposition advisory fees, exit fees or other similar fees; (v) stock options or other compensation granted or paid by portfolio companies to persons who serve in a bona fide, non-director management capacity at any such portfolio company, (vi) stock options or other compensation granted or paid by portfolio companies that a Client has disposed of and (vii) certain other fees including, without limitation: diligence fees and rental income. As noted above, certain fees collected by TCM, the general partners or managing members of Clients or certain of their affiliates and employees, which meet the applicable definition of “Available Fees” in Client documents, net of out-of-pocket expenses, are offset against future gross management fees. Available Fees are allocated among Clients typically based on capital invested or capital committed to the portfolio investment to which such Available Fees relate, and may be on a fully diluted equity ownership percentage of such portfolio investment or based on ownership among Clients, and then allocated among investors in such Client, generally based on such investor’s percentage interest in such portfolio investment. To the extent any Available Fees are non-cash fees, TCM may determine to implement the management fee offset at such time as such fees are monetized. To the extent any Available Fees are allocated to a Client or investor that does not pay management fees, such allocated portion of the Available Fees are usually not offset against management fees and are retained by TCM. In addition, certain fees such as disposition advisory fees, restructuring fees, financing fees, diligence fees, director’s fees from companies that are not portfolio investments of a Client, fees received by Advisory Board members (including Founders Council members) or senior advisors, and any other fees that are not expressly specified as Available Fees in a Client’s operating documents do not offset management fees.

*Organizational Expenses.* Each Client will typically pay or otherwise bear all fees, costs, expenses, and other liabilities incurred in connection with the formation and organization of, or sale of interests in and capital raising of, such Client, including in certain circumstances, formation of its general partner or similar person, and further including commissions, costs, and all out-of-pocket legal, accounting, filing, printing, electronic database, travel (which may include expenses for the use of private aircraft, first class or business class travel), accommodation, meal and event or other entertainment expenses relating to any of the foregoing activities, incurred by, or benefitting TCM professionals and third parties (including, but not limited to, actual and potential investors, investment committee members, portfolio company management, advisors, consultants, agents and/or vendors) and other similar fees, costs and expenses. Not all Clients will have the same fees, costs and expenses, however, Clients will typically receive a reduction in future gross management fees in respect of placement agent fees (on a dollar-for-dollar basis) and a portion of such organizational expenses (in excess of specific amounts as provided for in their governing documents).

*Partnership Expenses.* In addition, each Client, subject to its governing documents, will typically pay or otherwise bear all fees, costs, expenses and other liabilities arising in connection with its operations (collectively, the “Partnership Expenses”), other than certain expenses specified as “General Partner Expenses” in such Client’s governing documents. Generally, General Partner Expenses include: (a) salary, wages, guaranteed payments, payroll taxes, bonuses, employee benefits and other compensation of the investment personnel and other employees of a Fund’s general partner (if any) and TCM involved in the business and affairs of any Client; and (b) any costs and expenses of such investment personnel and their related overhead necessary for Clients’ operations, such as rent, utilities, property insurance, furnishings, office supplies and equipment and other similar expenses, in each case, except with respect to any specified expenses that constitute “Partnership Expenses” under such Clients’ operating documents. The Partnership Expenses of a particular Client are set forth in its constituent documents and may vary from Client to Client, but will generally include, without limitation, the following:

- (i) all fees, costs, expenses and other liabilities or obligations resulting from or arising in connection with:
  - (a) developing, negotiating, and structuring consummated and unconsummated investments; and
  - (b) making, holding and disposing of actual portfolio investments; which include, without limitation, any financing (including commitment fees or interests or penalties on any borrowings), legal, investment banking, accounting, due diligence, advisory, placement fees and expenses, consulting fees and expenses, brokerage commissions and custodial expenses, and other similar fees, costs and expenses in connection therewith (including any broken deal expenses relating to unconsummated investments), as well as the costs and expenses of industry-specific business conferences, intelligence, market data, information service providers, relevant news or third-party research services and related terminals for the delivery of such services;
- (ii) all fees, costs and expenses of tax advisors, legal counsel (including, in certain circumstances, in-house legal counsel relating to portfolio company matters), accountants, auditors, consultants, third party administrators and other advisors and professionals, including fees, costs and expenses of members of the Trilantic Advisory Boards, including the Founders Council, senior advisors or Operating Executives;
- (iii) all fees, costs and expenses of holding meetings of a Client and a Client’s LP Advisory Committee, if any (including speaker fees and gifts available to meeting attendees, as well as certain fees, costs and expenses of a Client’s investors or LP Advisory Committee);
- (iv) all fees, costs and expenses of any non-TCM employee on the Investment Committees of any Clients (including members appointed by Reinet);
- (v) all fees, costs and expenses incurred in connection with communications with Client investors (including fees, costs and expenses of maintaining any web-based investor platform), reporting to Client investors, responding to investor inquiries, investor-specific reporting requests or due diligence requests or questionnaires, or compliance with side letter provisions and any “most favored nations” provision election process;

- (vi) all fees, costs and expenses incurred in connection with meetings with Client investors or actual or potential portfolio company management;
- (vii) all costs, fees and expenses of any litigation, directors and officers liability or other insurance and any indemnification (including any indemnification granted to any third-party) or extraordinary expense or liability relating to the affairs of a Client;
- (viii) any taxes, fees or other governmental charges (including interest and penalties) levied against a Client, any tax audit, investigation, settlement or review of a Client or any of its tax returns and Schedules K-1 (and similar schedules), including expenses incurred in connection with providing investors on-line or electronic access to information and reporting relating to a Client (including any upgrades and customizations related thereto);
- (ix) certain fees, costs and expenses (including legal fees, costs and expenses) incurred to comply with any applicable law, rule or regulation or directive relating to the activities of a Client, including regulatory expenses of TCM or any general partner of a Client (but excluding any expenses related to the preparation and filing of Form ADV and related U.S. regulatory filings), expenses related to the preparation of Form PF and similar U.S. and non-U.S. regulatory filings; expenses relating to compliance with any anti-money laundering or similar KYC requirements, expenses advisable or required to be incurred in order to comply with the term of the Alternative Investment Fund Manager Directive (“AIFMD”) or law, rules or regulations implemented or promulgated in any applicable jurisdiction in relation thereto (including the fees, costs or expenses of any depositary required in connection therewith) or any other regulatory requirement (including regulatory filings, “blue sky” filings and related out-of-pocket or other expenses of such Client, its general partner or similar person and/or investment advisor) and expenses related to or in connection with any litigation or governmental inquiry, investigation or proceeding involving such Client (including the amount of any judgments, settlements or fines paid in connection therewith);
- (x) any expenses related to the making of temporary investments or hedging transactions;
- (xi) all fees, costs or expenses incurred in connection with any restructuring or amendments to the constituent documents of a Client and related entities;
- (xii) all expenses relating to transfers of or defaults by investors; and
- (xiii) all expenses of dissolving, liquidating, winding-up and terminating a Client and related entities.

In addition, Partnership Expenses borne by Clients typically include costs and expenses of travel (which may include, and have included, expenses for the use of private aircraft, first or business class travel), accommodation, personal and business meals and event or other entertainment expenses relating to any of the foregoing activities, incurred by, or benefitting TCM professionals and third parties (including, but not limited to, actual and potential investors, investment committee members, portfolio company management, advisors, consultants, agents and/or vendors). Additional allowable expenses or carve outs to the expenses listed above are included under the terms of a Client’s governing documents. TCM may initially pay (and has in the past paid) any fees and expenses to be borne by Clients and is then subsequently reimbursed by Clients. TCM may also determine to bear all or any portion of expenses that would otherwise be considered

Partnership Expenses, in its sole discretion (and has in the past borne a portion of such expenses). This list is not intended to be exhaustive; in addition to fees and expenses described herein, investors should review all fees charged by TCM, its affiliates, and others described in the confidential offering memorandum and governing documents of each applicable Client to fully understand the total amount of fees to be paid by each Client and, indirectly, such Client's investors. The fees and expenses borne by a Client are negotiated with investors during such Client's fundraising period.

TCM has adopted certain processes and procedures intended to allocate expenses in the manner prescribed by the governing documents of its Clients and its internal policies, including procedures to identify and correct misallocations due to error or revised allocation methodologies. Expenses paid by Clients are generally allocated among Clients that shared in the activities generating such expenses in a manner that TCM believes to be equitable, including, but not limited to, allocating expenses based on relative capital commitments, available capital, capital under management, or by entity headcount. Under certain circumstances, fees, costs and expenses will be specially allocated to a single Client or a subset of Clients and not all Clients, or to a single investor or subset of investors within a Client and not all investors. There is, however, no guaranty that such processes and procedures will identify any or all misallocations. To the extent misallocations are identified and one or more Clients have already paid such expenses, any reimbursements of incorrectly applied expenses will necessarily be applied at a later date and therefore Clients may bear incorrect allocations for an unspecified period of time. Reimbursement to a Client of any misallocated expenses will generally not include any interest on the principal amount of any misallocations. Although attempts will be made to allocate expenses on an equitable basis, such allocations will be determined by a Fund's general partner and/or TCM. In some instances, such determinations may be subjective and reasonable minds may disagree.

Fees, costs and expenses relating to "broken deals" are generally only allocated to Clients that have commitments available to participate in such investment. Because certain co-investment and special purpose vehicles are formed generally for a specific transaction, investors of such co-investment vehicles do not commit to invest in such vehicles unless there is a level of certainty that such transaction will not be a "broken deal." Therefore, such vehicles generally do not participate in broken deal expenses, and such expenses are instead borne by the Funds with available commitments for such investments.

TCM's employees and certain of its affiliates and/or strategic partners, including supervised persons of TCM and/or portfolio companies of Clients, may choose to participate as purchasers of certain products and services at TCM's negotiated rate, on the same terms and conditions as TCM and/or Clients and thus are beneficiaries of such arrangement(s) to the extent utilized and accordingly may pay a rate for such products and services that are below market value. Each person or entity that purchases products and services at the negotiated rate either contracts directly with the provider of those products and services and is billed separately for the products and services it purchases, or reimburses TCM for their share of actual costs, and is liable for the costs of those products and services. This practice may present a conflict of interest as it may provide TCM's supervised persons an incentive to recommend certain products and services based on benefits received. TCM has a Code of Ethics, among other compliance policies, in place to address such potential conflicts of interest.

In order to achieve certain economies of scale, TCM shares certain administrative support costs and other expenses with its sub-advisor or affiliates thereof.

From time to time, TCM's employees, affiliates and/or strategic partners may receive promotional items, discounts and/or other benefits from Client portfolio companies on terms not commercially available to all customers. In addition, TCM employees may benefit from events or entertainment of prospective and current investors or portfolio company management personnel. TCM has a gifts and entertainment policy, among other compliance policies, in place to address potential conflicts of interest that may arise from receipt of such gifts or benefits.

## **Item 6. Performance Based Fees and Side-by-Side Management**

The Funds are generally subject to a carried interest of up to 20% of profits on distributions derived from the disposition of investments. Such carried interest is generally distributed by the Funds to the general partners of the Funds, which are related persons of TCM. Certain other Clients are also subject to a carried interest. The foregoing performance-based carried interests are generally subject to the achievement of an annual rate of return on certain amounts of unreturned capital contributions of investors (subject to certain adjustments, in accordance with each Client's governing documents). TCM and its related persons, in their sole discretion, may waive, reduce or calculate differently (and has waived, reduced and/or calculated differently), the carried interest for certain Clients or certain investors of a Client.

Although carried interest may align the interests of TCM's key investment professionals with those of the Clients, carried interest may also create an incentive for TCM to recommend, and the general partner or managing member of each respective Client to make, more speculative investments and/or different decisions regarding the timing and manner of the realization of such investments than would be made if such carried interest were not allocated to the general partner. TCM seeks to address these conflicts through (i) careful review of investment opportunities by a screening committee and an investment committee, (ii) disclosure of investments to limited partners by way of written notices and quarterly reports, and (iii) equity investments by a number of TCM's investment professionals directly, or indirectly (through the general partners or parallel partnerships) in Clients. In addition, the governing documents of the Clients and general partners that provide performance-based carried interest have "clawback" and vesting provisions.

Certain Clients, by their terms, invest together and are subject to TCM's internal investment allocation guidelines.

## **Item 7. Types of Clients**

TCM provides investment advisory and investment management services to the Clients, each of which is a private pooled investment vehicle, a parallel co-investment vehicle of Fund IV Global, as well as to certain special purpose vehicles and co-investment vehicles of Fund V North America, TEP I North America, Fund VI North America and TEP II North America, as described in Item 1; certain co-investment vehicle Clients that are not pooled investment vehicles ("funds of one") are considered separately managed accounts for purposes of Form ADV. The Funds and such certain other Clients (other than "funds of one," which are considered separately managed accounts) are operated such that they qualify as "private equity funds" for purposes of Form PF. Investors in the Funds and other Clients may include a variety of institutional and high net worth investors, but investment in Clients is limited to investors that meet certain financial sophistication requirements. The minimum capital commitment for an investor in a Fund is outlined in each respective Fund's governing documents and with respect to other Clients, is determined on a case-by-case basis. Generally, the minimum commitment for third party investors in Funds has been set at \$5,000,000

or \$10,000,000 (or \$1,000,000 for certain parallel vehicles of the Funds); however, TCM has the authority to deviate (and has deviated in the past) from these minimum commitments.

In addition, Clients, TCM or Client general partners or managing members have entered into separate agreements, commonly referred to as “side letters”, with certain investors, to waive or supplement certain terms, or allow such investors to invest on different terms than those specifically described in the offering documents. Side letters are confidential and not shared with all investors.

Investors are required to make certain representations when investing in a Client, including but not limited to representing that (i) they are acquiring an interest for their own account, (ii) they received or had access to all information they deemed relevant to evaluate the merits and risks of the prospective investment, and (iii) they have the ability to bear the economic risk of an investment in the applicable Client.

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

TCM’s Clients primarily invest in privately held domestic and foreign entities in industry sectors including but not limited to business services, consumer and energy. As noted in Item 4 above, TEP I North America and TEP II North America are limited to the energy sector. In addition, Fund IV Global has also invested in the following industries: financial services, healthcare, industrial and media. TCM seeks to maximize the Clients’ returns through investments in middle market companies. Investments of Fund V North America, Fund VI North America, TEP I North America and TEP II North America are limited to companies in North America; investments of Fund IV Global are primarily in companies in North America, with a minority of investments in companies in Europe. The investment strategy includes partnering with founder, family and entrepreneur-owned businesses, providing flexible capital in control or significant minority investments, portfolio diversification (other than for Clients formed for a single portfolio investment), creating value through active post-acquisition involvement, as well as prudent use of leverage. TCM targets companies with enterprise values typically ranging from \$100 million to \$1 billion and seeks to recommend to Clients equity investments in these companies generally ranging from \$50 million to \$200 million per investment; however, TCM has the authority to deviate (and has deviated in the past) from these targets.

TCM’s Clients make investments via equity and equity-oriented securities, including common stock, preferred stock, debt securities purchased in connection with equity and equity-oriented investments (or which have equity-like returns), bridge financings, and temporary investments in mezzanine securities. TCM seeks to partner with management teams with a compelling vision and business strategy, a well-developed framework for execution, extensive industry and operating experience and an established performance record. TCM’s investment team has a long history of backing exceptional management teams to acquire or form new businesses in attractive or dislocated industries. TCM seeks to recommend investments to its Clients in businesses with strong market positions, unique franchises, secure and growing market niches or distinctive products and services. TCM believes the historical performance and prospects of a business should support a reasonable valuation that permits the achievement of target return objectives. TCM places emphasis on business fundamentals and opportunities for growth rather than what may appear to be bargains or undervalued assets. TCM aims to use debt financing prudently with the objective of allowing a portfolio company the flexibility to adapt to unforeseen economic conditions and to execute its business plan. TCM looks to provide an appropriate capital structure tailored to a portfolio company and the industry in which it operates. TCM’s Clients may make and have made majority

or control investments and significant minority investments. Through board representation and shareholder rights, TCM requires its Clients to obtain control or significant influence over decisions that TCM believes may affect the value of an investment. In addition, TCM recognizes that environmental, social and governance (“ESG”) issues can have a substantial impact on an investment’s ability to generate or maintain economic value, as well as environmental and social value for itself, its Clients and Client investors, and therefore TCM considers ESG analysis an important component of its investment approach. TCM therefore considers material ESG issues in the course of its due diligence and in the monitoring of its investments to the extent reasonably practical under the circumstances. Finally, TCM believes an analysis of exit alternatives is integral to the evaluation of an investment and seeks to position its Clients’ portfolio companies for sale via the public or private markets within a three to five-year time frame, but may, and has in the past, varied from this timeframe on a case-by-case basis.

All investments involve a risk of loss and the investment strategy offered by TCM could lose money over short or even long periods of time. An investment in any Client should only be considered by prospective investors who can afford a loss of their entire investment. The description contained below is a brief overview of several risks related to TCM’s investment strategy:

**General Market, Business and Management Risk.** Investments in portfolio companies subject Clients to the general risks associated with the underlying businesses, including market conditions, changes in regulatory requirements, reliance on management at the portfolio company level, interest rate and currency fluctuations, equity price and/or commodity price fluctuations, general economic downturns, domestic and foreign political situations and other factors, which may or may not be known at the time of investment. Clients have incurred and may continue to incur expenses in currencies other than the U.S. Dollar and as such are exposed to currency risk if the foreign exchange rates move significantly from the date of the expense to the date of the settlement. Clients’ investments are indirectly exposed to market price risk arising from uncertainties about future values of the investments held by these entities or their subsidiaries.

In addition, a Client’s strategy in some portfolio investments may be based, in part, on the premise that appropriate businesses and assets will be available for purchase by the Client at favorable prices. Further, TCM’s strategy relies, in part, on the existence of market conditions conducive to generating favorable prices during the term of a Client. No assurance can be given, however, that appropriate businesses and assets can be acquired at favorable prices as this will depend, in part, on events and factors outside the control of TCM.

With respect to management at the portfolio company level, many portfolio companies rely on the services of a limited number of key individuals, the loss of any one of whom could significantly adversely affect the portfolio company’s performance. While in all cases TCM monitors portfolio company management, management of each portfolio company has day-to-day responsibility of such portfolio company.

Clients’ cash is subject to credit risk of the institution where the cash is held. Clients are also subject to the credit risk of individuals or entities which have significant obligations to Clients, including obligations of Clients to other Clients, such as situations where Clients invest side-by-side in portfolio companies.

**Public Health Threats.** An outbreak of disease or similar public health threat, or fear of such an event, could have a material adverse impact on the business, financial condition and operating results of TCM, the Clients and/or Client portfolio companies. Outbreaks of disease or other natural disasters affecting public health could result (and in some cases, have recently resulted) in increased

government restrictions and regulation, including: travel restrictions; quarantines of personnel of TCM, portfolio companies or their respective vendors and clients; restrictions on gatherings, including restricting occupancy in facilities of TCM and/or portfolio companies; and requirements for certain portfolio companies to temporarily significantly reduce or cease operations. In addition, such outbreaks can lead to (and have led to) significant uncertainty and volatility in the financial markets and disruption in global economies.

For example, as of March 2020, a novel and extremely contagious strain of coronavirus resulting in COVID-19 was declared a global pandemic by the World Health Organization. In an effort to stem the outbreak of COVID-19, governments of countries world-wide have implemented quarantine requirements, which include restrictions on operations of non-essential businesses, “social distancing” mandates and travel restrictions. The COVID-19 pandemic has created significant disruption in supply chains and economic activity and will impact operational and financial performance of Clients and their portfolio companies; however, the extent of the impact of the COVID-19 pandemic will depend on future developments, including the duration and spread of the outbreak and related operational standstills and travel advisories and restrictions, all of which are evolving rapidly and remain difficult to assess. In addition, if a critical vendor of TCM were to be materially affected, TCM’s ability to provide critical services to the Clients and their respective investors could be materially affected. Given the extraordinary measures taken by governments world-wide as of the date hereof, it is expected that such restrictions will have a material effect on portfolio company valuations, which will in turn affect overall performance of Clients. To respond to public health threats, TCM has an established business continuity and disaster policy, which it believes reasonably addresses various types of disruption, and has permitted TCM personnel to work remotely to continue operations of TCM. However, any prolonged duration of the COVID-19 duration and government and business responses to the pandemic could materially impact TCM’s ability to provide Client services, such as sourcing, managing and divestiture of investments, and could materially and adversely impact a Client’s ability to achieve its investment objectives.

**Lack of Diversification.** Clients formed for a specific portfolio investment typically have no diversification of investments. TCM expects that the Funds will have a portfolio that has targeted, but not absolute, diversification. A Fund’s portfolio investments may include a small number of large positions. While this portfolio concentration may enhance total returns to investors of such Fund, if any large position has a material loss, then returns to the investors may be lower than if they had invested in a more diversified portfolio. In addition, the Funds have targeted geographic and business sectors. Fund IV Global has made a substantial majority of their investments in North America and Europe; while Fund V North America, Fund VI North America, TEP I North America, TEP II North America and their respective successors have made and will make investments in North America only. Fund V North America and Fund VI North America generally target investments in the following industry sectors, although investments have been and may be made in other sectors or subsectors as well: business services, consumer and energy. TEP I North America and TEP II North America target investments in the energy sector. European investments have generally targeted the following industry sectors, although investments have been made in other sectors as well: consumer, energy, industrials, TMT, healthcare, business services and financial services. Any Fund’s investments concentrated within a particular industry or related group of industries (e.g., the energy sector), may be subject to greater market fluctuations than an investment in a portfolio of securities representing a broader range of industries.

**Liquidity Issues.** Clients’ portfolio investments primarily include illiquid, non-publicly traded securities. Since these investments are illiquid, the investments can be subject to a variety of restrictions on resale and there can be no assurance that Clients will be able to realize the stated

value of such investments in a timely manner or at all. Risks affecting these portfolio companies include, but are not limited to, increasing competition, rapid changes in technology, changes in economic conditions and macroeconomic factors in the portfolio companies' countries of operations, as well as political risk. Certain investments may have foreign currency risk to the extent they conduct business transactions in currencies other than their functional currency. These factors could have a negative effect on the ultimate realizable value of Clients' investments and the timing of exit.

**Highly Competitive Market for Investment Opportunities and Realizations.** The activity of identifying, completing and realizing on attractive private equity investments is highly competitive and involves a high degree of uncertainty. The Clients face competition from numerous competitors in all fields of activity. None of Fund IV Global, Fund V North America nor TEP I North America expect to make additional new investments; however, certain Funds may make certain follow-on investments relating to existing portfolio companies. Fund VI North America's investment period commenced in March 2018 and TEP II North America's investment period commenced in January 2018. The investing Funds are and expect to continue to be competing for investments with a variety of other investment vehicles, as well as individuals, financial institutions and other institutional investors. Additional funds with similar investment objectives may be formed in the future by other parties. There can be no assurance any Fund will be able to identify or consummate investments that satisfy such Fund's investment criteria, that such Fund will be able to invest fully its available capital or successfully realize on its investments.

**Valuation of Assets.** Most of the securities owned by Clients will have no, or a limited, liquid market, and the fair value of such investments may not be readily determinable. When estimating fair value, TCM will consider various methodologies based on its best judgment that is appropriate in light of the nature, facts and circumstance of each portfolio investment. Valuations are subject to multiple levels of review for approval (including approval by the applicable Client's valuation committee and certain limited review by third party valuation firms). While ensuring that portfolio investments are fairly valued is an important focus of TCM, there is no assurance that the value assigned to an investment at a certain time will accurately reflect the value that will be realized by a Client upon the eventual disposition of the investment and the performance of a Client could be adversely affected if such valuation determinations are materially higher than the value ultimately realized upon the disposition of the investment.

Specifically, for purposes of financial reporting that is compliant with U.S. generally accepted accounting principles ("GAAP"), TCM is required to follow the requirements for valuation set forth in Accounting Standards Codification 820 ("ASC 820"), "Fair Value Measurements and Disclosures" (formerly, Financial Accounting Standards No. 157, "Fair Value Measurements"), which defines and establishes a framework for measuring fair value under GAAP and expands financial statement disclosure requirements relating to fair value measurements. Additional Financial Accounting Standards Board ("FASB") Statements and guidance and additional provisions of GAAP that may be adopted in the future may also impose additional, or different, specific requirements as to the valuation of assets and liabilities for purposes of GAAP-compliant financial reporting. Except as described below, TCM and its affiliates will apply ASC 820 and other relevant FASB statements and guidance to the valuation of a Client's assets and liabilities.

Notwithstanding the foregoing, TCM or its affiliates may determine in certain instances to assign to a particular asset or liability a different value under the terms of the operative agreement of a specific Client than the value assigned to such asset or liability for financial reporting purposes (in particular, the value assigned to such asset or liability as required by GAAP). In particular, TCM or its affiliates, as applicable, may not apply GAAP when determining whether an asset has been

disposed of (e.g., whether it has declined in value for the purposes of determining distributions (including, without limitation, distributions of carried interest, if any) and management fees payable, if any, by a Client). Accordingly, investors in a Client should only expect such assets or liabilities to be valued in accordance with GAAP for purposes of preparing a Client's GAAP-compliant audited financial statements. Otherwise, except as expressly required by the terms of a Client's operative agreements, TCM or its applicable affiliated Client general partner may assign such assets or liabilities a different value for all other purposes, without regard to any GAAP requirements relating to the determination of fair value. In addition, a Client may not use GAAP when determining certain tax positions.

TCM has established and maintains a Valuation Policy that is available upon request to Client investors.

**Reliance on TCM and Key Personnel.** Decisions made with respect to the management of Clients will be made by TCM and general partners or managing members of Clients ("TCM Affiliates"). The TCM Affiliates will have exclusive responsibility for Client activities and, other than as set forth in each Client's governing document, investors will not be able to make investment or other decisions with respect to the management of Clients. The success of TCM Affiliates will depend on the ability of the TCM Affiliates, their key personnel ("Key Persons") and other investment professionals to identify and consummate suitable investments, to improve the operating performance of portfolio companies and to dispose of the investments of Clients at a profit. The loss of the services of one or more of the Key Persons or such other persons could have an adverse impact on a Client's ability to realize its investment objectives. There can be no assurance that each of the Key Persons and other investment professionals will continue to be associated with TCM throughout a Client's anticipated term.

**Middle Market Companies.** A significant component of the Clients' investment objectives is to invest in middle market companies. A Client's focus on "middle market companies" will generally include companies for which enterprise values range from \$100 million to \$1 billion. Although investments in middle market companies may present greater opportunities for growth, such investments may also entail larger risks than are customarily associated with investments in larger companies. Middle market companies may have relatively limited product lines, markets, and financial and other resources. As a result, such companies may be more vulnerable to general economic trends and to specific changes in markets and technology. In addition, future growth may be dependent on additional financing, which may not be available on acceptable terms when required. Further, there is ordinarily a more limited marketplace for the sale of securities in smaller, private companies, which may make realizations of investments in such companies more difficult. In addition, the relative illiquidity of private equity investments generally, and the somewhat greater illiquidity of private investments in middle market companies, could make it difficult for a Client to react quickly to negative economic or political developments.

**Investments in Growth-Equity Companies.** Clients' strategy includes targeting growth-equity investments (other than for certain single-investment Clients). While growth-equity investments offer the opportunity for significant capital gains, such investments may involve a higher degree of business and financial risk that can result in substantial or total loss. Growth-equity portfolio companies may operate at a loss or with substantial variations in operating results from period to period, and many will need substantial additional capital to support additional research and development activities or expansion, to achieve or maintain a competitive position, and/or to expand or develop management resources. Growth-equity portfolio companies may face intense competition, including from companies with greater financial resources, better brand recognition,

more extensive development, marketing and service capabilities and a larger number of qualified managerial and technical personnel.

**Investments in Less Established Companies.** A Client may invest a portion of its assets (or, with respect to Clients formed for a single portfolio company, all of its assets) in the securities of less established companies, or early stage companies. Investments in such early stage companies may involve greater risks than those generally associated with investments in more established companies. For instance, less established companies tend to have smaller capitalizations and fewer resources and, therefore, are often more vulnerable to financial failure. Such companies also may have shorter operating histories on which to judge future performance and in many cases, if operating, will have negative cash flow. In the case of start-up enterprises, such companies may not have significant or any operating revenues. In addition, less mature companies could be more susceptible to irregular accounting or other fraudulent practices. Furthermore, to the extent there is any public market for the securities held by a Client, securities of less established companies may be subject to more abrupt and erratic market price movements than those of larger, more established companies.

Some of the portfolio investments made or expected to be made by a Client should be considered highly speculative and may result in (and has in the past resulted in) the loss of a Client's entire investment therein. There can be no assurance that any such losses will be offset by gains (if any) realized on a Client's other investments, if any, and in certain Clients, such losses have not been offset by gains.

**Investments in Restructurings or Underperforming Companies.** A Client may make investments in companies that are experiencing or are expected to experience financial difficulties, which such companies may never overcome. Such investments could, in certain circumstances, subject a Client to additional potential liabilities, which may exceed the value of a Client's original investment therein. Such investments of a Client could also be subject to U.S. federal bankruptcy law and U.S. state fraudulent transfer laws, which may vary from state to state, if the securities relating to such investments were issued with the intent of hindering, delaying or defrauding creditors or, in certain circumstances, if the issuer receives less than reasonably equivalent value or fair consideration in return for issuing such securities. If such investments constitute debt and such debt is used for a buyout of shareholders, this risk is greater than if the debt proceeds are used for day-to-day operations or organic growth. If a court were to find that the issuance of the securities was a fraudulent transfer or conveyance, the court could void the payment obligations under the securities, further subordinate the securities to other existing and future indebtedness of the issuer or require a Client to repay any amounts received by it with respect to the securities. In the event of a finding that a fraudulent transfer or conveyance occurred, a Client may not receive any repayment on the securities.

Under Section 363 of Title 11 of the United States Code, as amended (the "Bankruptcy Code"), a lender that has inappropriately exercised control of the management and policies of a company may have its claims against the company subordinated or disallowed, or may be found liable for damages suffered by parties as a result of such actions. In addition, under certain circumstances, payments to a Client and distributions by a Client to such Client's investors may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment. Such debt may also be disallowed or subordinated to the claims of other creditors if a Client is found to have engaged in other inequitable conduct resulting in harm to other parties. A Client's investment may be treated as equity if it is deemed to be a contribution to capital, or if a Client attempts to control the outcome of the business affairs of a company prior to its filing under the Bankruptcy Code. While a Client will attempt to avoid taking the types of action that

would lead to such liability, there can be no assurance that such claims will not be asserted or that a Client will be able successfully to defend against them.

**Nature of Investments in the Energy Sector.** Investments in the energy sector may be subject to a variety of risks, not all of which can be foreseen or quantified. Such risks may include but are not limited to: (i) the risk that the technology employed in an energy project will not be effective or efficient; (ii) uncertainty about the availability or efficacy of energy sales agreements or fuel supply agreements that may be entered into in connection with a project; (iii) risks that regulations affecting the energy industry will change in a manner detrimental to the industry or to a particular project; (iv) environmental liability risks related to energy properties and projects; (v) risks of equipment failures, fuel interruptions, loss of sale, and supply contracts or fuel contracts, decreases or escalations in power contract or fuel contract prices, bankruptcy of key customers or suppliers, tort liability in excess of insurance coverage, inability to obtain desirable amounts of insurance at economic rates, acts of God and other catastrophes; (vi) uncertainty about the extent, quality, and availability of oil and gas reserves; (vii) the risk that interest rates may increase, making it difficult or impossible to obtain project financing or impairing the cash flow of leveraged projects; and (viii) the risk of changes in values of companies in the energy sector whose operations are affected by changes in prices and supplies of energy fuels. The occurrence of events related to the foregoing may have a material adverse effect on a Client and its investments.

In addition to the foregoing, certain of the companies in which a Client invests may be subject to the risks inherent in acquiring or developing recoverable oil and natural gas reserves, including capital expenditures for the identification and acquisitions of projects, the drilling and completion of wells, and the conduct of development and production operations. There is no way to predict in advance of drilling and testing whether any particular location will yield oil, natural gas or natural gas liquids in sufficient quantities to recover land acquisition, drilling or completion costs or to be economically viable. To the extent a Client invests in or receives royalty interests, such Client will generally receive revenues from those royalty interests only upon sales of oil, gas and other hydrocarbon production or upon sale of the royalty interests themselves. There can be no assurance that reserves sufficient to provide the expected royalty income will be discovered or produced. Even if sufficient amounts of oil, natural gas or natural gas liquids exist, initial production rates may not be indicative of future or long-term production rates, and the presence of unanticipated pressures or irregularities in formations, miscalculations, or accidents may cause recovery activities to be unsuccessful, which may result in losses. Moreover, oil and gas investments may have significant shortfalls in projected cash flow if oil and gas prices decline from levels projected at the time the investment is made. Various factors beyond the control of a Fund's general partner, TCM and the Clients will affect prices of oil, natural gas and natural gas liquids.

**Nature of Investments in the Business Services and Consumer Sector.** Investments in the business services and consumer sectors may be subject to a variety of risks, not all of which can be foreseen or quantified. Such risks may include but are not limited to: (i) low barriers to entry; (ii) a disproportionate reliance on discretionary consumer spending; (iii) reliance on marketing and branding; (iv) reliance on search engine optimization and social networking; (v) enhanced risks relating to the ability to safeguard sensitive customer information; (vi) fluctuation in commodity prices and supply chain costs; and (vii) significant reliance on third party vendors.

**Cybersecurity.** TCM, the Clients, their respective affiliates or one or more portfolio companies may face cybersecurity threats to gain unauthorized access to sensitive information, including, without limitation, information regarding investors and Clients' investment activities, or to render data or systems unusable, which could result in significant losses. If such events were to materialize, they could lead to losses of sensitive information or capabilities essential to TCM, its

Clients, their respective affiliates or one or more portfolio companies' operations and could have a material adverse effect on their reputations, financial positions, results of operations, or cash flows, could lead to financial losses from remedial actions, loss of business, or potential liability, or could lead to the disclosure of personal information.

Cybersecurity attacks are evolving and include, but are not limited to, malicious software, attempts to gain unauthorized access to data, and other electronic security breaches that could lead to disruptions in critical systems, unauthorized release of confidential or otherwise protected information and corruption of data. TCM's or a portfolio company's controls and procedures, business continuity systems, and data security systems could prove to be inadequate. These problems may arise in both TCM or a portfolio company's internally developed systems and the systems of third-party service providers.

**Environmental, Social and Governance Considerations.** TCM may take into account environmental, social and governance ("ESG") factors in the discovering, developing, negotiating, evaluating, acquiring, structuring, holding, carrying, monitoring, managing and disposing of portfolio investments. Compliance with such factors could result in higher ESG compliance expenses or costs or the forgoing of certain opportunities. Furthermore, there are no universally accepted ESG standards and not all investors may agree on the appropriate ESG standards to apply in a particular situation. TCM will apply ESG standards in its sole discretion. Application of such standards could result in making investments with higher ESG compliance costs or could lead TCM to forgo certain investment opportunities. In either case, an adverse impact on the results of a Client's investments cannot be excluded.

**Control Position Risk.** Although non-control investments may also be made, Clients have made and certain Clients intend to make certain investments that allow a Client to acquire control or exercise influence over management and the strategic direction of a portfolio investment. The exercise of control over a company imposes additional risks of liability for environmental damage, product defects, pension liabilities, failure to supervise management and other types of liability in which the limited liability characteristic of business operations may be ignored. The exercise of control over a portfolio investment could expose the assets of a Client to claims by the portfolio companies underlying such investments, its security holders and its creditors. While TCM intends to manage a Client to minimize exposure to these risks and takes the position that no Client is engaged in a trade or business, the possibility of successful claims cannot be precluded.

**Non-Control Investments and/or Investments with Third Parties in Joint Ventures and Other Entities.** Clients hold and certain Clients may in the future hold non-controlling interests in certain portfolio companies and, although a Client may have or will seek to negotiate negative covenants and other contractual restrictions for each such portfolio company, it will primarily be the responsibility of management teams and boards of directors of such companies, which may include representation by other investors whose interests may conflict with the interests of a Client, to operate the portfolio companies on a day-to-day basis. Accordingly, a Client will have a limited ability to protect its portfolio investments in such portfolio companies. Further, a Client may have no right to appoint a director and a limited ability to protect its interests in such companies and to influence such companies' management. Similarly, a Client may co-invest with third parties through partnerships, joint ventures or other entities, thereby acquiring non-controlling interests in certain investments. In such cases, a Client will be significantly reliant on the existing management and board of directors of such companies, which may include representation of other financial investors with whom a Client is not affiliated and whose interests may conflict with the interests of a Client. Moreover, in the case where a Client may co-invest, such investments may involve risks not present in investments where a third party is not involved, including the possibility that a third-

party partner or co-venturer may have financial difficulties resulting in a negative impact on such investment, may have economic or business interests or goals which are inconsistent with those of a Client, or may be in a position to take (or block) action contrary to a Client's interests or goals. In addition, a Client may in certain circumstances be liable for the actions of its third-party partners or co-venturers. Investments made with third parties in joint ventures or other entities also may involve carried interests and/or other fees payable to such third-party partners or co-venturers. Although a Client may not have control over these investments and, therefore, may have a limited ability to protect its position therein, TCM generally expects that appropriate minority investor rights will be obtained to protect the interests of such Client to the extent possible. There can be no assurance that such minority investor rights will be available, however, or that such rights will provide sufficient protection of a Client's interests.

**Use of Subscription Credit Facilities.** Clients may borrow money, obtain financings, or guarantee or make loans or other extensions of credit to support an obligation made (or otherwise make loans or other extensions) to any current or prospective portfolio company or such portfolio company's affiliate or any vehicle formed to effect the acquisition thereof; and may borrow money from any person (including, TCM, subject to restrictions set forth in each Client's operating documents) to provide financing to a Client for a variety of purposes set forth in each Client's operating documents. If a Client borrows money or obtains financings, it is possible that a Client's interim capital needs would be satisfied through such borrowings or financings, and drawdowns of capital contributions by a Client, including those used to pay interest on borrowings or financings, could be "batched" together into larger, less frequent capital calls (although actual timing and amounts may vary). The interest expense and other fees, costs and expenses of or related to any such borrowings will be partnership expenses that may be borne by a Client and, accordingly, would decrease net returns of such Client. It is expected that interest will accrue on any such outstanding borrowings at a rate lower than the 8% preferred return (with the preferred return beginning to accrue when capital contributions to repay borrowings are actually due to be made to the Partnership). In light of the foregoing, a Fund's General Partner may have an incentive to fund the acquisition of investments and the ongoing capital needs of the Partnership with the proceeds of borrowings or other financings in lieu of drawing down from investors of a Client. Furthermore, to the extent a Client uses such borrowings or financings to fund portfolio investments or expenses or fees in advance of calling capital from investors within Clients (i) net investor rate of returns ("IRRs") would differ from what it would have been had such borrowings or financings not been used and (ii) since net IRR is calculated based on the actual dates of capital contributions from, and distributions to, the investors of Clients, the use of borrowing and financings in lieu of calling capital would cause the date of contribution to be later in time resulting in a higher net IRR. Moreover, it is possible that a counterparty, lender or other unaffiliated participant in credit facilities (or otherwise in connection with portfolio investments) requires or desires facing only one fund entity or group of entities, which may result in (i) any one of the Clients and/or a portfolio company being solely liable with respect to its own, and such third party being solely liable with respect to its own, share of the applicable obligation, or (ii) any of Clients and/or such portfolio company being jointly and severally liable for the full amount of such applicable obligation. In addition, although a Fund's general partner will, in good faith, allocate the related repayment obligations and other related liabilities arising out of such credit facilities among the foregoing (to the extent applicable), a Client participating in such borrowing will, in such circumstance, be subject to each other Client's or portfolio company's credit risk. In such situations it is not expected that any of the Clients and/or such portfolio companies would be compensated (or provide compensation to the other) for being primarily liable vis-à-vis such third-party counterparty.

Investors should review the governing documents of a Client (including a Client's Private Placement Memorandum ("PPM"), if available) to understand the risks and potential conflicts of

interest of a Client. Neither the risks described herein nor the risks and potential conflicts of interests in any respective Client's PPM are intended to serve as an exhaustive list or a comprehensive description of all risks and conflicts that may arise in connection with the management and operation of any of the Funds.

## **Item 9. Disciplinary Information**

None of TCM or any of its management persons has been involved in any legal or disciplinary events in the past 10 years that would be material to a Client's evaluation of TCM's advisory business or integrity of TCM's management.

## **Item 10. Other Financial Industry Activities and Affiliations**

As described in Item 4 above, related persons of TCM serve as a general partner on behalf of the Funds and receive carried interest. In addition, Reinet indirectly owns a 49% non-operating interest in TCM (a "sales percentage") in connection with TCM and the general partners of the Funds and their related investment vehicles, which entitles Reinet to proceeds upon certain capital transactions (*i.e.*, sale or public listing) involving TCM and/or the general partners, but not entitling Reinet to current or operating income of TCM. Reinet has a carried interest on the realization of the portfolio investments of the Funds and has designated two representatives to the investment committees of the Funds. Affiliates of Reinet are also limited partners in the Funds, and do not pay management fees or carried interest with respect to such investments.

Trilantic Europe is a Europe-based private equity firm, which is the investment subadvisor of Fund IV Global (with respect to its European investments), and the advisor of certain other private funds, including a side-by-side private fund to Fund IV Global, Trilantic Capital Partners IV (Europe) L.P. (together with its related entities, "Fund IV Europe"). Trilantic Europe operates independently of TCM; however, in addition to the subadvisory arrangement noted in the preceding sentence, TCM and Trilantic Europe have certain shared governance with respect to certain Clients and Fund IV Europe, and TCM provides certain operational services to Trilantic Europe with respect to Trilantic Europe's subadvisory services to Fund IV Global and the ESC, for which TCM is compensated. With respect to the shared governance: (i) the three founding partners of Trilantic Europe, two Managing Partners of TCM and two designees of Reinet were members of the investment committee that made investment decisions on behalf of Fund IV Europe; (ii) two of the founding partners of Trilantic Europe, three Managing Partners of TCM and two Reinet designees were members of the investment committee that made investment decisions on behalf of Fund IV Global; and (iii) the Chairman of Trilantic Europe, three Managing Partners of TCM and two Reinet designees were members of the investment committee that made investment decisions on behalf of Fund V North America. The investment period of Fund IV Global has expired and this Fund is no longer making any new investments; however, prior to such expiration, the Europe-based investments of Fund IV Global were co-invested with Fund IV Europe based on a pre-determined percentage set forth in the Fund IV Global governing documents. In addition, the investment periods of Fund V North America and TEP I North America have expired; however, such Funds may continue to make follow-on investments in existing portfolio companies or their affiliates, in accordance with each Fund's operative documents.

TCM and its personnel and one or more of their respective affiliates may have conflicts of interest in allocating their time and services among Clients. For example, certain of TCM's personnel will work on other projects, including existing and future Clients, or portfolio companies of existing and future Clients, and TCM's other potential business activities, if any. It is possible that the investments held by one Client may be in competition with or otherwise conflict with those of

another Client. The possibility exists that the companies with which one or more of TCM's personnel is involved could engage in transactions that would be suitable for a Client, but in which a Client might be unable to invest. Conflicts may also arise as a result of such activities and in the allocation of management resources.

TCM personnel currently serve, and intend, from time to time, to serve as, directors, or may be observers, or acquire observer rights, with respect to portfolio companies of Clients, the securities or other financial instruments of which are purchased on behalf of one or more Clients. In the event that TCM (i) obtains material non-public information with respect to the issuer of any such securities or other financial instruments as a result of any of the foregoing activities, or (ii) is subject to trading restrictions pursuant to the internal policies of such issuer, the Clients may be prohibited from engaging in transactions with respect to the securities or other financial instruments of such issuer. Such a prohibition may have an adverse effect on the Clients.

Conflicts of interest may also arise where TCM personnel serve as directors of, or in similar governance roles for, Clients' portfolio companies. In those instances where a Client is not the sole shareholder of the applicable portfolio company, in addition to any duties such person may owe to the Client, as directors of or in similar governance roles for portfolio companies, such persons may owe duties to the other shareholders of such portfolio companies, including fiduciary duties, which in many cases may be other Clients, and to persons other than Clients. In general, such positions are often important to a Client's investment strategy and may have the effect of enhancing the ability of TCM to manage investments. However, such positions may have the effect of impairing a Client's ability to sell the related securities when, and upon the terms, it may otherwise desire. In addition, such positions may place TCM personnel in a position where they must make a decision that is either not in the best interests of a Client or not in the best interests of the other shareholders of the portfolio company. Should such personnel make a decision that is not in the best interest of such other shareholders of a portfolio company, such decision may subject TCM or a Client to claims that they would not otherwise be subject to as an investor, including claims of breach of the duty of loyalty, securities claims and other director-related claims. In addition, because of potential conflicting duties, TCM may be restricted in choosing investments, which could negatively impact returns received by the Clients. The list of current board directorships of key TCM personnel is available on TCM's website. In addition, the biographies of all investment Partners of TCM are available on the brochure supplement, Form ADV Part 2B.

The spouses or other family members of TCM's personnel may, from time to time, be employed by other financial institutions engaged in the same or similar business as TCM, Clients and/or their respective portfolio companies, or vendors, advisors or customers thereto. Such familial relationships may give rise to conflicts of interest with respect to a variety of matters, including, among other things, the selection of vendors, advisors or customers.

TCM, its personnel and one or more of their respective affiliates may also have (and certain personnel currently have) ongoing interests, including economic interests, in the Funds or other investment vehicles or companies (collectively, "Other Businesses"). Such Other Business may be (x) invested in or may otherwise have an economic interest in one or more of a Client's portfolio companies or in competitors of such portfolio companies or (y) vendors, advisors or customers of TCM, Clients or Client's portfolio companies. The performance and operation of such Other Businesses could conflict with and adversely affect the performance and operation of a Client's portfolio companies and may adversely affect the prices and availability of business opportunities or transactions available to such portfolio companies. Accordingly, such entities and persons may experience a variety of conflicts of interest to the extent that the interests of such Other Businesses would be adversely affected by investment decisions that would otherwise be in the best interest of

a Client. Similarly, if such entities or persons are faced with investment decisions for such Other Businesses that would be in the best interest of such Other Businesses but would otherwise adversely impact a Client or any of its portfolio companies, they may nevertheless be economically or otherwise incentivized to make such decisions for the benefit of such Other Businesses to the detriment of a Client (e.g., due to the prospect of earning more carried interest, management fee or other fees) or any such portfolio company. Such conflicts may be exacerbated when Clients invest in different parts of the capital structure of a particular portfolio company. For example, in the event a portfolio company enters bankruptcy, it may be in the best interest of one Client for it to aggressively pursue the portfolio company's assets to fully satisfy the portfolio company's obligations or indebtedness to another Client. As a result, a Client holding more junior securities of the same portfolio company might not have access to sufficient assets of the portfolio company to completely satisfy its bankruptcy claim against the portfolio company and may suffer a loss. Or conversely, because of the potential harm to a Client's holdings, a Fund's general partner, TCM and TCM's personnel and one or more of their respective affiliates (including, for this purpose, investment professionals and other personnel) may be disinclined to pursue the portfolio company's assets (or pursue them as aggressively as might otherwise be the case) as a result of their conflicting interests in such Client. In addition, the foregoing entities or persons may be incentivized to make riskier or more speculative investment decisions on behalf of a Client with the hopes of extracting value from junior securities that are otherwise significantly impaired to the detriment of another Client.

Accordingly, investors should expect that conflicts of interests may arise when one or more Other Businesses, invest in or otherwise have an economic interest in a portfolio company in which a Client holds an interest or when a Client invests in a portfolio company in which one or more Other Businesses hold an interest. A Fund's general partner and TCM will endeavor to resolve such conflicts of interest in a manner they determine to be fair and reasonable under the circumstances over time, and may consult with or seek the consent of the LP advisory committee of one or more Clients. It should be understood that a conflict will not be deemed material solely because one or more Other Businesses invest in a portfolio company in which a Client holds an interest or solely because a Client invests in a portfolio company in which one or more Other Businesses hold an interest. Nevertheless, there can be no assurance that any such conflicts of interest will be resolved in a manner that is fair and equitable to any one Client.

It is possible that TCM and/or Clients may occasionally utilize the services of entities (or affiliates thereof) that have direct or indirect investments in Clients. Such services will only be used on an arm's length basis and only on a basis that TCM reasonably determines in good faith to be fair and reasonable taking into account any conflicts and any other considerations deemed relevant by TCM and otherwise in accordance with such Client's operating agreements.

None of TCM or its affiliated Client general partners are registered with the United States Commodity Futures Trading Commission ("CFTC") as a commodities pool operator ("CPO"), pursuant to an exemption from registration under CFTC Regulation 4.13(a)(3). As a result, unlike a registered CPO, none of TCM nor any affiliate is required to provide prospective investors in Clients with a disclosure document containing certain CFTC-prescribed disclosures or to provide certified annual reports to limited partners of Clients. TCM is exempt from registration, and is not registered, with the CFTC as a commodities trading adviser ("CTA").

## **Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

TCM has adopted a Code of Ethics pursuant to Rule 204A-1 under the Investment Advisers Act of 1940 that is predicated on the principal that TCM owes a fiduciary duty to its Clients. Accordingly, employees of TCM must disclose or avoid activities, interests and relationships that run contrary (or appear to run contrary) to the best interest of Clients. To avoid any potential conflicts of interest, TCM's Code of Ethics requires employees to, among other things:

- Act with integrity, competence, dignity, and in an ethical manner with the public, Clients, prospects, and third-party service providers;
- Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, trading, promoting TCM's services, and engaging in other professional activities;
- Adhere to the fundamental standard that employees not take inappropriate advantage of their position;
- Avoid or disclose any actual or potential conflict of interest;
- Conduct all personal securities transactions in a manner consistent with TCM's Code of Ethics; and
- Comply with applicable provisions of the federal securities laws.

TCM's Code of Ethics also governs the ownership of securities by TCM personnel who have access to non-public information regarding the purchase or sale of securities by Trilantic North America Funds (including the Partnership) or are involved in making investment recommendations (or have access to such recommendations) and certain of their family members (such personnel and their applicable family members, "Access Persons"). Such Access Persons are required to, among other things: (1) pre-clear certain personal securities transactions, (2) report certain personal securities transactions on at least a quarterly basis, and (3) provide TCM with a detailed summary of certain holdings (both initially upon commencement of employment and annually thereafter) over which such access persons have a direct or indirect beneficial interest. While the Code of Ethics generally permits Access Persons to beneficially own and transact in securities, Access Persons must do so in a manner consistent with TCM's obligations to its Clients, among other things. Accordingly, Access Persons will generally be restricted from transacting in securities of a portfolio company owned by a Client; provided, that (x) securities received by an Access Person as director's fees, if any, may be sold by such Access Person contemporaneously with any sale by a Client of such securities, and (y) Access Persons may be permitted to participate in directed share programs whereby such Access Persons could acquire securities of a portfolio company during a public offering of such portfolio company, provided that TCM determines, in good faith, that it would not have been suitable for a Client to acquire such securities. The acquisition of portfolio company securities by an Access Person in a directed share program generally will not be considered to create a material conflict of interest as long as such Access Person (i) owns less than 5% of the outstanding equity securities of the portfolio company and (ii) is restricted from selling such securities until after the Clients have disposed of all interests in such portfolio company. If securities are not issued by a portfolio company and are not on any restricted list held by Trilantic North America, Access Persons generally will not have material non-public information relating to such securities and consequently will be permitted to transact in such securities as long as no investment opportunity is being misappropriated. Conflicts may nevertheless arise if the issuer of such securities is subsequently identified as a potential portfolio company by a Client. To determine whether such a conflict is material, TCM will review a variety of factors, including

whether such Access Person controls the company in question, the amount of such securities held by such Access Person, the timing of the purchase of such securities and the manner in which such Access Person received the investment opportunity. Generally, if an Access Person owns less than 5% of the outstanding equity securities of a potential portfolio company, does not otherwise control the company, did not transact in the securities once such Access Person knew of a Client's interest in such company and did not receive the investment opportunity as a function of his or her employment with TCM, then the ownership by such Access Person of such company will not be considered a material conflict of interest. If a Client acquires as a portfolio company any company whose securities are beneficially owned by an Access Person, such Access Person must disclose such ownership to the Chief Compliance Officer and the Managing Partners to facilitate ongoing monitoring for potential conflicts of interest. TCM will endeavor to monitor personal securities holdings and trading of Access Persons to identify potential conflicts of interest. While TCM will aim to resolve such conflicts of interest in a manner it determines to be fair and reasonable under the circumstances over time, there can be no assurance that any such conflicts of interest will be resolved in a manner that is fair and equitable to any or all Clients.

In addition, TCM's personnel intend, from time to time, to serve as directors or may acquire observer rights with respect to portfolio companies, the securities or other financial instruments of which are purchased on behalf of one or more Clients. In the event that such personnel (i) obtains material non-public information with respect to the issuer of any such securities or other financial instruments as a result of any of the foregoing activities, or (ii) is subject to trading restrictions pursuant to the internal policies of such issuer, Clients may be prohibited from engaging in transactions with respect to the securities or other financial instruments of such issuer. Such a prohibition may have an adverse effect on one or more Clients and/or conflicts of interest with respect to such positions may arise. In those instances where one Client is not the sole shareholder of a portfolio company, in addition to any duties such person may owe to such Client, as directors of or in similar governance roles for portfolio companies, such persons may owe duties to the other shareholders of such portfolio companies, including fiduciary duties, which in many cases may be other Clients, and to persons other than Clients. In general, such positions are often important to a Client's investment strategy and may have the effect of enhancing the ability of TCM to manage investments. However, such positions may have the effect of impairing the ability of a Client to sell the related securities when, and upon the terms, it may otherwise desire. In addition, such positions may place TCM personnel in a position where they must make a decision that is either not in the best interests of a Client or not in the best interests of the other shareholders of the portfolio company. Should such personnel make a decision that is not in the best interest of such other shareholders of a portfolio company, such decision may subject a Client to claims that they would not otherwise be subject to as an investor, including claims of breach of the duty of loyalty, securities claims and other director-related claims. In addition, because of potential conflicting duties, TCM may be restricted in choosing investments, which could negatively impact returns received by a Client.

Finally, the spouses or other family members of certain TCM personnel may, from time to time, be employed by other financial institutions engaged in the same or similar business as TCM, the Funds and/or their respective portfolio companies, or vendors, advisors or customers thereto. Such familial relationships may give rise to conflicts of interest with respect to a variety of matters, including, among other things, the selection of vendors, advisors or customers. TCM endeavors to monitor such conflicts by requiring disclosure by TCM personnel of any known affiliations that such personnel believe could give rise to a conflict of interest.

A copy of TCM's Code of Ethics is available to any current or prospective investor upon request.

Certain employees of TCM and/or related entities or persons will have investments in Clients. In addition, TCM and/or the respective general partners will participate in the Funds' investment program by agreeing to commit a certain percentage of the Funds' total capital commitments or a certain amount as defined in the Funds' governing documents. Therefore, TCM, its employees or a related entity economically participate in transactions effected for Clients. Furthermore, certain employees of TCM may be offered an opportunity to participate in investment opportunities associated with former portfolio companies, or with vendors or competitors of TCM, Clients or portfolio companies (collectively, "Other Businesses"), and subject to the pre-clearance requirements noted above, may make such investments in Other Businesses. The performance and operation of such Other Businesses could conflict with and adversely affect the performance and operation of a Client's portfolio companies and may adversely affect the prices and availability of business opportunities or transactions available to such portfolio companies. Accordingly, such entities and persons may experience a variety of conflicts of interest to the extent that the interests of such Other Businesses would be adversely affected by investment decisions that would otherwise be in the best interest of a Client. Similarly, if such entities or persons are faced with investment decisions for such Other Businesses that would be in the best interest of such Other Businesses but would otherwise adversely impact a Client or any of its portfolio companies, they may nevertheless be economically or otherwise incentivized to make such decisions for the benefit of such Other Businesses to the detriment of the Partnership (e.g., due to the prospect of earning more carried interest, management fee or other fees) or any such portfolio company. TCM endeavors to mitigate such conflicts by requiring all personnel to disclose interests in personal securities (as described above) and any outside activities to the Chief Compliance Officer. TCM will endeavor to resolve such conflicts of interest in a manner it determines to be fair and reasonable under the circumstances over time, and such conflict may be required to be disclosed to the LP Advisory Committee of an affected Client in accordance with such Client's operating documents, although it should be understood that a conflict will not be deemed material solely because one or more Other Businesses invest in a portfolio company in which the Partnership holds an interest or solely because a Client invests in a portfolio company in which one or more Other Businesses hold an interest. Nevertheless, there can be no assurance that any such conflicts of interest will be resolved in a manner that is fair and equitable to any Client.

In addition, TCM may arrange for a transaction amongst or between certain Clients, Fund IV Europe and its successor fund and/or their respective portfolio companies. In any such circumstances, TCM will enter into such transactions only on a basis that TCM reasonably determines in good faith to be fair and reasonable taking into account any conflicts and any other considerations deemed relevant by TCM Affiliates and otherwise in accordance with such Client's operating agreements, which in certain cases, includes notification to, or pre-approval by, a Fund's LP Advisory Committee. To the extent more than one Client is currently investing, any investment opportunities that can be referred to multiple Clients will be done based on TCM's investment allocation guidelines, which are available to any current or prospective investor upon request.

Co-investment entities that are Clients and co-investors may also present conflicts of interest. Co-investment opportunities are offered to members of the Trilantic Advisory Boards, including the Founders Council, at the discretion of TCM, may be offered, and has been offered, to third parties and/or current or potential limited partners of the Funds. TCM will not be able to offer co-investment opportunities to all requesting parties. In allocating co-investment opportunities, TCM takes into consideration past opportunities shown and elected, strategic relationships (including participation/role in transaction), contractual obligations, industry expertise, aggregate investment size in a specific Fund and across Fund families, and portfolio company structure, among other considerations. TCM does not usually charge management fees or carried interest on these co-investment opportunities, but may do so in its discretion, at rates lower or higher than those of its

Funds. In addition, such co-investment opportunities may be structured through a syndication of an investment purchased initially by the Funds, with the Funds receiving a return of capital and may receive interest thereon (typically equal to the subsequent closing interest rate). TCM strives to execute such syndications within 120 days following any Fund investment, although timing may vary, and has varied, on a case-by-case basis. Expenses borne by Clients are generally allocated among Clients that shared in the activities generating such expenses, including co-investment vehicles participating in such activity, although certain expenses may be allocated to a single Client or investor of Client, or a subset of Clients or investors and not all Clients or investors, at the discretion of TCM.

## **Item 12. Brokerage Practices**

TCM focuses on making investments in private securities, thus it does not ordinarily deal with any financial intermediary such as a broker-dealer, and brokerage commissions are not ordinarily payable in connection with such investments, although TCM may use, and has in the past used, certain broker-dealers or “finders” in connection with deal sourcing of private securities, with negotiated sourcing fees. TCM intends to select brokers based upon the broker’s ability to provide best execution for Clients’ transactions. TCM will evaluate applicable qualitative and quantitative factors in selecting brokers, including, but not limited to:

- industry expertise
- service quality
- best execution
- qualified custodian status
- financial stability
- commission costs
- confidentiality considerations

TCM is generally authorized to make the following determinations, subject to Clients’ investment objectives and restrictions, without obtaining prior consent from the relevant Clients or any of their investors: (1) which securities or other instruments to buy or sell; (2) the total amount of securities or other instruments to buy or sell; (3) the executing broker or dealer for any transaction; and (4) the commission rates or commission equivalents charged for transactions.

Although TCM generally seeks competitive commission rates and commission equivalents, it will not necessarily pay the lowest commission or equivalent. Transactions may involve specialized services on the part of a broker-dealer, which may justify higher commissions and equivalents than would be the case for more routine services.

In addition, to the extent TCM Clients are in a minority investment in any portfolio company, TCM may have a limited ability to choose the executing broker or dealer for a transaction.

TCM does not participate in any soft dollar arrangements outside of receiving research available to other institutional investors. Research services received from brokers and dealers are supplemental to TCM’s own research effort. To the best of TCM’s knowledge, these services are generally made available to all institutional investors doing business with such broker-dealers.

TCM aggregates transactions across Client accounts in accordance with each Client’s respective governing documents.

## **Item 13. Review of Accounts**

Generally, Client investments are reviewed on a continuous basis by TCM's investment professionals. These reviews are designed to monitor and analyze Client transactions, positions, and investment levels. Particular attention is given to changes in company fundamentals, industry outlook, market outlook, and price levels. Additionally, TCM monitors and manages the performance of the underlying portfolio investments (*i.e.*, accounts) of Clients through representation on the portfolio companies' board of directors and further (as appropriate) advises the portfolio companies' management team on financial, operating and strategic matters during the terms of the portfolio investments.

Currently, all investors in Clients over which TCM has custody receive audited financial statements on an annual basis as of the end of such Client's fiscal year end. In addition, the Funds' investors typically receive unaudited financial statements on a quarterly basis as of the end of each of the first three fiscal quarters, and unaudited individual capital account statements as of the end of each fiscal quarter. Some investors are entitled to annual audited financial statements and annual unaudited individual capital account statements only, according to the terms of their respective Client's operating documents. In addition, reporting for other Client investors may be negotiated on a case-by-case basis.

Material new investments are communicated to investors of the applicable Client, typically via capital call notices, which include a brief description of the investment, and subsequently new investments are described in quarterly limited partner reports.

## **Item 14. Client Referrals and Other Compensation**

TCM does not compensate any third party for Client referrals. During the fundraising cycle of a Fund (including, under certain circumstances, during a pre-marketing stage), TCM compensates placement agents who introduce investors that may commit capital to such Client. The amount paid to placement agents is based on point-in-time negotiation and the existence of any placement arrangements are fully disclosed to prospective investors referred by such placement agents as required by law or other agreements with investors. TCM or its affiliates generally charge the applicable Fund for such placement fees or otherwise cause the Fund to pay such fees; however, all such fees due to placement agents by such Fund reduce the management fee otherwise payable by the Fund's limited partners by an identical amount.

TCM or its affiliates may be entitled to receive cash and non-cash: (i) set-up or other origination fees in connection with the origination of any Client's portfolio investments; (ii) topping or break-up fees in connection with proposed but unconsummated investment of a Client; (iii) directors' or monitoring fees paid by a portfolio company of a Client or other companies; (iv) commitment fees in connection with a Client's commitment to make a portfolio investment; (v) stock options or other compensation granted or paid by portfolio companies of Clients to the employees of TCM who may serve in a bona fide, non-director management capacity at any such portfolio company; (vi) stock options or other compensation granted or paid by portfolio companies that a Client has disposed of (whether or not such employees serve in a director or management capacity at such portfolio companies); and (vii) certain other fees including, without limitation: exit fees; diligence fees; rental income; compensation or directors fees paid to members of TCM's Advisory Boards, including the Founders Council, senior advisors and/or Reinet; directors fees paid to TCM or its employees by portfolio companies that have been disposed of by Clients. In accordance with each

Funds' applicable governing documents and as discussed in Item 5, certain of these fees collected by TCM or its affiliates (that meet the definition of Available Fees set forth in each Client's operative documents) are subject to an offset against the future management fee otherwise payable by such Client.

## **Item 15. Custody**

Generally, TCM is deemed to have custody over Client's assets because its affiliates serve as the general partner or managing members with general authority over assets of Clients. Such Clients are subject to an annual audit and the audited financial statements are distributed to each investor within 120 days of each respective Client's fiscal year end. Unless otherwise expressly agreed with investors of a Client, TCM may also determine, in its sole discretion, to satisfy its obligations under the custody rule of the Investments Advisers Act of 1940, as amended (the "Custody Rule") by having such Client's assets subject to an independent verification by an independent public accounting firm and providing for quarterly statements to be distributed to each investor in such Client by such Client's qualified custodian(s). Assets of all Clients over which TCM has custody (other than uncertificated securities held by Clients subject to an annual audit, which are recorded on the books and records of the applicable company, or certain legended and restricted certificated securities) are held in custody by unaffiliated broker/dealers or banks, which are considered "qualified custodians" under SEC Rule 206(4)-2. In addition, with respect to Clients that would be subject to an independent verification, documents evidencing uncertificated securities would also be maintained by such Client's qualified custodian(s). With respect to Clients that are subject to an annual audit, the audited financial statements are prepared in accordance with accounting principles generally accepted in the United States of America and distributed within 120 days of each respective Client's fiscal year end as noted above, or such earlier period as may be designated in such Client's operating documents.

Currently, all Clients over which TCM has custody are subject to an annual audit and therefore audited financial statements are distributed to each investor.

## **Item 16. Investment Discretion**

TCM, with the required advice and consent of the relevant investment committee, generally has discretionary authority to determine, without obtaining specific consent from Clients or their investors, the securities and amount to be bought or sold. Investors in Clients may not impose any limitations on the investment discretion of TCM, other than any limitations on authority that are included in a Client's governing documents (including limited partnership agreements, operating agreements and/or investment advisory agreements, and side letters thereto).

## **Item 17. Voting Client Securities; Class Actions**

### *Proxy Voting*

Most of the portfolio companies held by Clients are private companies which typically do not issue proxies. However, in the event that TCM or the general partner(s), on behalf of Clients, are requested to vote on certain proposals, amendments, consents or resolutions of any public company ("proxies"), TCM has adopted the following procedures:

- TCM will seek to vote its Clients' proxies in the best interest of its Clients and not its own.

- TCM will seek to avoid material conflicts of interest between the interests of TCM on the one hand and the interests of its Clients on the other.
- If the CCO or designee and/or investment staff member detects a material conflict of interest in connection with a proxy solicitation, the CCO must be informed and will then elevate the matter to TCM's Chairman or President for discussion. The CCO or designee will retain a memo to the files describing the material conflict of interest and the proposed resolution.
- TCM will vote proxies in the interest of maximizing value for TCM's Clients.
- All proxy solicitation materials received by TCM shall be received by the Principal or Partner on the respective deal(s) and shared with the CCO and/or her designee.
- A copy of the deal team(s) proxy vote remittance will be provided to the CCO or her designee.

A number of TCM's investment professionals or other designated representatives serve as board members for portfolio companies of Clients. In situations where TCM votes the proxy for a company in which a TCM investment professional serves on the board of directors, TCM has determined that it does not inherently present a conflict of interest as (a) the TCM investment professional is on the board of directors as a representative of the Funds and (b) the sole purpose for serving on the board is to maximize the return on Clients' investment and to ensure that Clients' interests are protected. Given these facts, the Clients' and the representative's role are aligned with respect to proxy voting.

A record of proxy voting policies and procedures, proxy statements received regarding Fund securities and all proxy votes cast on behalf of Clients will be maintained for at least five years and available for review. Please note that TCM may rely on proxy statements filed on the SEC's EDGAR system (see <http://www.sec.gov/edgar/searchedgar/companysearch.html>), or which are maintained with a third party, such as a proxy voting service, provided that TCM has obtained an undertaking from the third party to provide a copy of the documents promptly upon request. Investors should contact the CCO for a copy of the proxy voting policy and procedures, or information with respect to a specific proxy vote.

### *Class Actions*

In the event that one or more of TCM's Clients becomes involved in any class actions, TCM and the general partner(s) of the applicable Client(s) will use their discretionary authority to act in what they believe to be the best interests of the Clients in directing their participation in such class actions, which may include opting out of the recovery achieved through the class action and separately pursuing their own remedy. If the class action relates to a specific portfolio company, the determination of whether to participate in such class action is delegated to the Partner(s) and Principal(s) primarily responsible for monitoring such portfolio company, which determination shall be made in consultation with the other Partners and Principals of TCM. In the event that a Client does not participate in a class action, investors will not receive any proceeds received from class action recoveries.

## Item 18. Financial Information

TCM has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage Client accounts.

The Statement of Assets, Liabilities and Partners' Capital (the "Statement") set forth below has been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). U.S. GAAP requires that, among other things, TCM management make estimates and assumptions that affect the reported amounts of assets and liabilities during the reporting period. While TCM management believes that the estimates utilized in preparation of the Statement are reasonable and prudent, actual results could differ from these estimates and those differences could be material. The independent public accounting firm responsible for issuing an audit report on the Statement is Ernst & Young LLP. The Statement below is subject to adjustment pending receipt of the final audit report.

### Trilantic Capital Management L.P.

(a Delaware Limited Partnership)

Statement of Assets, Liabilities and Partners' Capital

December 31, 2019

(in thousands)

#### Assets

Cash and cash equivalents	\$	14,422
Due from affiliates		9,234
Prepaid expenses		426
Fixed assets and leasehold improvements, net		10,082
Total Assets	\$	<u>34,164</u>

#### Liabilities and Partners' Capital

##### Liabilities

Deferred revenue	\$	13,184
Notes payable		7,159
Lease incentive obligation		3,303
Accounts payable and accrued expenses		3,037
Other liabilities		2,259
Total Liabilities		<u>28,942</u>

Total Partners' Capital		<u>5,222</u>
Total Liabilities and Partners' Capital	\$	<u>34,164</u>

## **Item 19. Requirements for State-Registered Advisers**

Not Applicable.