

Item 1 – Cover Page

Form ADV Part 2A: FIRM BROCHURE



THE CAPSTREET GROUP, LLC

1001 Louisiana Street
Suite 3200
Houston, TX 77002
Tel: 713-332-2700
www.capstreet.com

March 30, 2020

This Brochure provides information about the qualifications and business practices of The CapStreet Group, LLC, an investment adviser registered with the United States Securities and Exchange Commission (the “SEC”). If you have any questions about the contents of this Brochure, please contact us at 713-332-2745 or mcapo@capstreet.com.

This information has not been approved or verified by the SEC or by any state securities authority. Registration of an investment adviser with the SEC does not imply a certain level of skill or training.

Additional information about The CapStreet Group, LLC also is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

There have been no material changes since the filing of The CapStreet Group, LLC's last Brochure dated September 23, 2019.

CapStreet routinely makes changes throughout its Brochure to improve and clarify the descriptions of its business practices and compliance policies and procedures or in response to evolving industry and Firm practices. In this year's filing, the following Items have been updated, in addition to certain immaterial changes and/or conforming changes related to the following:

- Item 4: updated to reflect regulatory assets under management as of December 31, 2019; and
Item 8: updated to reflect additional risk factors and conflicts of interest.

Item 3 – Table of Contents

Item 1 – Cover Page.....	i
Item 2 – Material Changes.....	ii
Item 3 – Table of Contents	iii
Item 4 – Advisory Business.....	1
Item 5 – Fees and Compensation.....	3
Item 6 – Performance-Based Fees and Side-By-Side Management	8
Item 7 – Types of Clients.....	9
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss	10
Item 9 – Disciplinary Information	29
Item 10 – Other Financial Industry Activities and Affiliations.....	29
Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading...	30
Item 12 – Brokerage Practices.....	32
Item 13 – Review of Accounts	33
Item 14 – Client Referrals and Other Compensation.....	34
Item 15 – Custody	34
Item 16 – Investment Discretion.....	35
Item 17 – Voting Client Securities.....	35
Item 18 – Financial Information	36

Item 4 – Advisory Business

The CapStreet Group, LLC (the “filing adviser” and, unless the context otherwise requires, collectively with the relying adviser (CapStreet Management, L.P.), the fund general partners (as defined below) and together with any affiliates “CapStreet” or the “Firm”) is a Houston, Texas based private equity Firm that serves as an investment manager and provides discretionary investment advisory services to pooled investment vehicles (each a “Fund” or, collectively, the “Funds”) which are exempt from registration under the Investment Company Act of 1940, as amended, and the rules and regulations promulgated thereunder (the “Investment Company Act”).

The Funds make long-term private equity investments in lower middle market companies. CapStreet’s investments on behalf of the Funds are generally control investments in owner-operated businesses with \$3 to \$20 million of EBITDA in the industrial and outsourced business service sectors. CapStreet has a regional focus, primarily on companies headquartered in Texas, with a particular emphasis on companies headquartered in the greater Houston area.

CapStreet tailors its advisory services to the specific investment objectives and restrictions of each Fund pursuant to the investment guidelines and restrictions set forth in the relevant Fund’s partnership agreement, exhibits, amendments and private placement memorandum, investment advisory agreements, side letters and any other governing documents of the relevant Fund, each as may be supplemented and/or amended and restated from time to time (collectively, the “Governing Documents”). CapStreet does not tailor its advisory services to the individual needs of limited partners and Fund limited partners generally cannot impose restrictions on investing in certain securities or types of securities, other than through side letter agreements. Limited partners in the Funds participate in the overall investment program for the applicable Fund, but will in certain cases be excused from a particular investment due to legal, regulatory or other applicable constraints, pursuant to the terms of the applicable Governing Documents. CapStreet has entered into side letters or similar agreements with certain limited partners who make substantial commitments of capital, were early-stage investors or for other reasons in the sole discretion of CapStreet and such side letter have the effect of establishing rights under, or altering or supplementing a Fund’s Governing Documents. Such rights include co-investment preferences, notification provisions, reporting requirements and “most favored nations” provisions, among others. These rights, benefits or privileges are not always made available to all limited partners nor in some cases are they required to be disclosed to all limited partners. Side letters are generally negotiated at the time of a limited partner’s capital commitment and once invested in a Fund, limited partners generally cannot impose additional investment guidelines on such Fund.

CapStreet’s investment advisory services to the Funds consist of identifying and evaluating investment opportunities, negotiating the terms of investments, managing and monitoring investments and ultimately selling such investments. Investments are made in non-public companies, although investments in public companies are permitted in certain instances. Principals or other personnel of CapStreet, or third-parties appointed by CapStreet, will generally serve on such portfolio companies’

respective boards of directors or otherwise act to influence control over management of portfolio companies held by the Funds.

CapStreet currently manages three Funds: CapStreet III, L.P. (“Fund III”), CapStreet IV, L.P. (“Fund IV”) and CapStreet V, L.P. (“Fund V”). For more information about the Funds, please see CapStreet’s Form ADV Part 1, Schedule D, Section 7.B.(1). CapStreet does not currently manage any independent co-investment vehicles. However, in certain circumstances, as more fully described in Item 7 below, the Firm also permits certain limited partners and third parties to co-invest directly into a portfolio company. Such direct co-invests are not considered Funds or clients of CapStreet.

As of December 31, 2019, CapStreet had approximately \$993.3 million in regulatory assets under management, all of it managed on a discretionary basis.

In accordance with relevant SEC guidance related to relying advisers: (i) The CapStreet Group, LLC and its relying adviser, CapStreet Management, L.P., collectively operate as a single advisory business; (ii) both advisers manage and provide investment advisory services solely to private funds (The CapStreet Group, LLC provides such services to Fund V and future funds; CapStreet Management, L.P. provides such services to Fund III and Fund IV); (iii) the filing adviser’s principal office and place of business is in the United States; (iv) the relying adviser, its employees and the persons acting on its behalf are subject to the filing adviser’s supervision and control; (v) the advisory activities of both advisers are subject to (A) the Advisers Act of 1940, as amended, and the rules and regulations promulgated thereunder (the “Advisers Act”) and (B) examination by the SEC and; (vi) The CapStreet Group, LLC and CapStreet Management, L.P. operate under a single code of ethics and a single set of written policies and procedures which are administered by a single chief compliance officer.

The management and operation of each CapStreet Fund is vested in a general partner, which has the authority to carry out all objectives and purposes of that Fund. CapStreet GP III, L.P. is the general partner of and manages Fund III; CapStreet GP IV, L.P. is the general partner of and manages Fund IV; and CapStreet GP V, L.P. is the general partner of and manages Fund V (collectively, CapStreet GP III, L.P., CapStreet GP IV, L.P. and CapStreet GP V, L.P. are referred to herein as the “general partners”). The general partners are deemed registered under the Investment Advisers Act pursuant to CapStreet’s registration in accordance with SEC guidance. The general partners and the relying adviser have been formed for legal, tax, regulatory or other purposes in connection with the organization of the Funds; however, they do not have employees of their own, and all investment advisory services are performed by employees of CapStreet. While the general partners maintain ultimate authority over the respective Funds, The CapStreet Group, LLC and CapStreet Management, L.P. have been delegated the role of investment adviser. For more information about the relying adviser and general partners, please see CapStreet’s Form ADV Part 1, Schedule D, Sections 7.A and Schedule R.

CapStreet Management, L.P. is the sole owner of The CapStreet Group, LLC, which was founded in 1997 and was originally named Summit Capital Group, LLC; its name was changed to The CapStreet

Group, LLC in 2002. CapStreet Management, L.P. is owned by partners George B. Kelly, M. Neil Kallmeyer, Paul M. De Lisi and Adrian Guerra-Cardus. For more information about CapStreet's owners and executive officers, see CapStreet's Form ADV Part 1, Schedule A and Schedule B and Form ADV Part 2B.

Item 5 – Fees and Compensation

Management Fees

CapStreet charges each Fund a management fee ("Management Fee") that is generally payable quarterly in advance and is pro-rated for any period that is less than a full calendar quarter. The Management Fee charged to each Fund is described (i) in full detail in the relevant Fund's Governing Documents and (ii) more briefly below. All Management Fees were negotiated with the Fund's limited partners during the fundraising period of the applicable Fund and are not subject to negotiation after. The Management Fees are charged at a maximum annual rate of 2% of the capital commitments of any limited partner. Generally, as described in the relevant Fund Governing Documents, Management Fees are initially calculated based on each limited partner's committed capital. Thereafter, Management Fees are calculated based on the cost of investments held by each Fund, subject to various other factors. Generally, limited partners participating in a subsequent closing after the initial closing of a Fund are responsible for paying the Management Fee as of the date of the initial closing of such Fund, plus interest, as applicable.

CapStreet is permitted, in its sole discretion, to reduce or waive all or a portion of the Management Fee or other fees for certain limited partners. In particular, the Management Fee for certain limited partners in the Funds who are employees of CapStreet, or family members of such employees, will typically be waived subject to CapStreet's discretion. For Fund V and future funds, CapStreet anticipates that it will also waive fees for limited partners who are part of its Operating Executives discussed below.

Management Fees are collected through a capital call, although occasionally, a capital call for Management Fees may be offset against a distribution to limited partners. In either case, the Management Fees are remitted to CapStreet by the Funds and treated as a Fund expense. Most other fees discussed above, including transaction fees, are paid to CapStreet by a portfolio company in which a CapStreet Fund has an investment. In the event an investment management agreement or a Fund itself would be terminated, any Management Fees paid in advance would be reimbursed to the Fund pro rata based on the portion of the period for which fees were paid but for which services were not rendered. However, the Funds generally invest on a long-term basis and accordingly limited partners generally cannot withdraw from a Fund and thus request a return of Management Fees.

Carried Interest

For each Fund, a separate CapStreet affiliate has been established which is entitled to be allocated carried interest ("Carried Interest") with respect to that Fund, which is equal to a specified percentage

of realized Fund profits net of all expenses and is subject to preferred return and catch-up provisions. The Funds' Carried Interest arrangements are further described (i) in full detail in the relevant Fund's Governing Documents and (ii) more briefly in Item 6, below.

Supplemental Fees

CapStreet receives certain supplemental fees and compensation with respect to portfolio companies, which may include investment banking, mergers and acquisitions, structuring, financing and other similar transaction fees as well as directors fees, monitoring fees, advisory fees and other similar monitoring fees from a Fund's portfolio companies. Transaction fees in connection with acquisitions and debt financings (or refinancing not involving an acquisition or recapitalization) are generally limited to, respectively, 1.5% of the enterprise value of the target and 1.5% of the gross proceeds available from the financing/refinancing. Transaction fees are generally payable upon consummation of the related transaction. CapStreet has historically collected monitoring fees only in limited circumstances and does not accelerate monitoring fees.

Management Fee Offset

A portion of the above fees, whether paid in cash or stock options or similar incentive compensation, are offset, in whole or in part, against, and therefore reduce, the applicable Fund's Management Fees by a pre-established sharing percentage that was negotiated between CapStreet and each Fund's limited partners, net of any expenses incurred in connection with such portfolio company; however, for Fund V any such fees paid to Operating Executives or other non-CapStreet employees are not subject to an offset against Management Fees. The amount and manner of such reduction is set forth in the relevant Governing Documents of the applicable Fund and further information about each of the CapStreet Fund's offset provisions is detailed in the relevant Fund's Governing Documents.

To the extent that such an offset credit would reduce a Fund's Management Fee for a given quarter below zero, the credit will be carried forward for future application against payable Management Fees, and if a credit remains upon dissolution, a payment will be made to limited partners that have not elected to waive such amount for tax or other reasons.

Fund Expenses

Each Fund will also pay all costs and expenses relating to the Fund's activities allowable under its respective Governing Documents, which differ across Funds (to the extent not reimbursed by a portfolio company), including: (i) all reasonable out-of-pocket costs and expenses (to the extent not paid or reimbursed by a Fund portfolio company) incurred in pursuing, investigating, diligencing, analyzing, holding, administering, monitoring, developing, negotiating, structuring, making, acquiring and disposing of Fund investments, including any financing (*e.g.*, structuring and commitment fees and expense reimbursement to financing sources or potential financing sources), legal, accounting, management and consulting fees and expenses and termination fees in connection therewith, including the foregoing expenses related to potential Fund investments or disposition of portfolio companies

that are not consummated; (ii) all reasonable and customary administrative expenses of a Fund incurred in the ordinary course, including the cost of the preparation of the annual audit, financial and tax returns and tax reports required for limited partners or a Fund, custodial expenses, financing expenses, cash management expenses, depository expenses, advisory and consulting expenses, routine legal and accounting expenses and regulatory and compliance expenses relating to a Fund's filings with the SEC or other regulatory bodies (including in foreign or local jurisdictions and regulatory expenses of the general partner and the Firm relating to the activities of the Funds) including expenses related to regulatory and governmental inquiries, subpoenas and proceedings; (iii) all out-of-pocket costs and expenses incurred in holding or monitoring portfolio companies, including, without limitation, legal, travel and related expenses, research (including expenses of any software used for underwriting and monitoring portfolio companies), insurance, accounting, technological support, custodial and safekeeping, consulting and auditing expenses (to the extent such costs and expenses are not reimbursed by portfolio companies or other third parties); (iv) reasonable brokerage commissions, registration fees and expenses, custodial expenses and other investment costs (to the extent not reimbursed by a portfolio company) incurred in connection with Fund investments; (v) reasonable interest on and fees and expenses arising out of all borrowings made by a Fund, including, but not limited to, the arranging thereof; (vi) reasonable out-of-pocket costs of any litigation, indemnification or extraordinary expense or liability relating to the affairs of a Fund, excluding, however, with respect to litigation expenses or liabilities where such expense or liability is limited pursuant to the Governing Documents; (vii) reasonable expenses in connection with the dissolution, winding up or termination of a Fund; (viii) registration expenses and any taxes (subject to any restrictions in the Governing Documents), fees or other governmental charges levied against a Fund and all expenses incurred in connection with any tax audit, investigation, settlement or review of a Fund; (ix) reasonable expenses of the relevant Fund's advisory board and meetings of a Fund's partners; (x) reasonable private placement fees and expenses paid to third-party placement agents relating to the formation of a Fund and obtaining the relevant capital commitments, but only to the extent Management Fees payable to CapStreet are subsequently reduced pursuant to the applicable Governing Documents; (xi) reasonable fees and disbursements of attorneys, consultants, accountants, advisors, third-party appraisers, fund administration service providers and valuation experts and other professionals for work performed in respect of the business or affairs of the Funds or their portfolio companies (including, without limitation, legal fees in connection with any legal opinions required to be delivered on behalf of the Funds or the relevant general partner pursuant to the Governing Documents); (xii) reasonable fees and expenses attributable to the Operating Executives (as defined below) for work performed (including, but not limited to, due diligence) in respect of the business or affairs of the portfolio companies or potential portfolio companies or investments; (xiii) the amounts required to be paid to certain persons or entities affiliated with the Firm in connection with indemnification; (xiv) any insurance premiums or expenses incurred by a Fund in connection with the activities of a Fund, including errors and omissions, fidelity, general partner liability, fiduciary, directors' and officers' liability and similar coverage; (xv) reasonable expenses related to or arising from defaults in the payment of capital contributions; (xvi) reasonable expenses incurred in connection with distributions to partners; (xvii) reasonable costs and expenses incurred in relation to obtaining waivers, consents or

approvals pursuant to the relevant Governing Documents and all reasonable costs and expenses of, and/or incidental to, the preparation of amendments, modifications, revisions or restatements to the Governing Documents; (xviii) all out-of-pocket costs and expenses of, and/or incidental to, the preparation and dispatch to the relevant Fund's partners of all checks, reports, circulars, forms and notices and any other documents necessary or desirable in connection with the business and administration of such Fund; (xix) except as otherwise provided in the relevant Governing Documents, the costs of forming and maintaining limited partnerships or other similar vehicles to effect the making or holding of all or any portion of such investment outside of the Fund; (xx) post-closing obligations under agreements relating to the disposition of portfolio companies including indemnification and purchase price adjustment obligations; and (xxi) all other out-of-pocket costs incurred in connection with the administration of the Fund or otherwise that may be authorized by the applicable Governing Documents or approved by a majority in interest of the relevant Fund's limited partners or the relevant advisory board. Each portfolio company typically pays for, or reimburses the Firm for, the out-of-pocket costs of travel of CapStreet employees to visit such portfolio company, and for other travel undertaken for the benefit of the portfolio company. As these types of expenses reflect reimbursement by a Fund or a portfolio company for certain out-of-pocket expenses incurred by CapStreet, a general partner or their respective affiliates, such reimbursements will not be offset against the Management Fee payable by the Funds. Further, as CapStreet does not manage co-investment vehicles as Funds, the relevant Fund will generally bear all fees and expenses related to investments that are not consummated, or "broken deal" expenses. For more information regarding CapStreet's brokerage practices, please see Item 12, below.

Organizational Expenses

Each Fund is responsible for the costs and expenses related to its organization, including related legal and accounting fees, filing fees, printing costs, capital raising costs, travel and accommodation expenses, consulting fees and other out-of-pocket expenses of CapStreet, up to a limit as specified in each Fund's Governing Documents. Any organizational expenses paid by a Fund in excess of the specified amount reduce, on a dollar-for-dollar basis, Management Fees otherwise payable. The Funds have the option to retain an unaffiliated placement agent whose fees are also paid by the Funds, provided that such payments reduce Management Fees by a similar amount.

Manager Expenses

CapStreet and its affiliates are responsible for all of their ordinary overhead and administrative expenses, (including salaries, rent and similar expenses and fees as well as expenses associated with registration (and ongoing compliance) as a registered investment adviser, in connection with managing each Fund's investments and maintaining and operating its office space, except as specifically designated in the relevant Fund's Governing Documents.

Operating Executives

CapStreet currently retains certain operating executives with specific functional expertise (the “*Operating Executives*”) to provide strategic and other advisory services to the Firm, the Funds and portfolio companies, and CapStreet may from time to time retain additional such executives. The Operating Executives may be employed CapStreet, or may provide contractual services to CapStreet, or directly to a Fund or to portfolio companies. Fees, compensation in any form, and related expenses payable to Operating Executives may be paid by CapStreet, or they may be paid directly by a Fund or a specific portfolio company.

Operating Executives assist the Firm in assessing potential portfolio companies and assist portfolio companies in developing improved operating platforms capable of sustaining organic and acquisition growth. Operating Executives are experts in a specific aspect of operations or a specific industry whose service to the Firm, and often to a specific portfolio company, CapStreet believes will benefit the Funds. The nature of the relationship with each of the Operating Executives and the amount of time devoted or required to be devoted by them may vary. There can be no assurance that any of these individuals will continue to serve in such role and/or continue their arrangement with CapStreet and/or any portfolio company throughout the terms of the Funds.

The Governing Documents of the applicable Fund to which an Operating Executive is providing services detail the compensation and expenses permitted to be paid to the Operating Executive. Such compensation and expenses may include payroll costs incurred by CapStreet, independent contractor fees, board fees, success fees, travel and other out-of-pocket expenses, co-investment rights, equity allocations and/or other compensation or allocations with respect to portfolio companies and/or other entities, including a profits interest and options in a portfolio company or a percentage of the Carried Interest. Depending upon the nature of the relationship between CapStreet and the Operating Executive, and the terms of the relevant Fund’s Governing Documents, such compensation and expenses may be borne by CapStreet, a Fund or a portfolio company. Compensation and expenses, whether in the form of fees, bonuses, profits interests, other compensation or reimbursements, related to an Operating Executive which are borne by a portfolio company or a Fund will not result in an offset against the Management Fee payable by Fund V (but for the avoidance of doubt, will result in an offset against the Management Fees for Fund III and Fund IV).

Fee Receipt Allocation

From time to time, CapStreet, in its sole discretion, may agree to pay a transaction fee, portion of the Management Fee, Carried Interest or other fee received from an actual or prospective portfolio company to a third party, such as a consultant, adviser, Operating Executive, finder, placement agent, joint venture partner, broker and/or investment banker. In such event, the third-party fee is not a fee that CapStreet is entitled to retain and, therefore, CapStreet is not required under the terms of the applicable Governing Documents to share such third-party fees with a Fund (or to offset Management Fees of that Fund by such amount).

Allocation of Expenses

In good faith and in its fair and reasonable discretion, CapStreet determines on a case-by-case basis whether an expense should be borne by the Firm, a Fund, multiple Funds or a portfolio company. To the extent that the Governing Documents do not expressly provide for a method of allocation or to the extent that an invoice does not relate to a specific Fund, CapStreet will typically allocate common expenses among multiple Funds on a pro rata basis and in accordance with its policies and procedures on expense allocation, unless another method is more equitable. Where one or more Funds to which an expense would otherwise be allocable are not permitted to receive an allocation based on the applicable Governing Documents, the portion of the expense attributable to such Fund(s) will be borne by CapStreet.

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

As mentioned above, CapStreet earns a Carried Interest allocation based on the profits of each Fund that is deducted from the investment proceeds of the limited partners. A Carried Interest allocation represents an adviser's compensation based on a percentage of net profits of the Funds it manages. Generally, an affiliate of the relevant Fund's general partner receives Carried Interest of 20% of all realized profits of a Fund, subject to an 8% annual preferred return (or hurdle) and subject to reimbursement of all relevant Fund expenses, including Management Fees. Calculated based on realized gains and income only, Carried Interest is payable as portfolio holdings are liquidated or otherwise monetized and is subject to a potential giveback if the respective general partner has received excess cumulative distributions. Each Fund's Governing Documents include further detail concerning its Carried Interest allocation.

These Carried Interest allocations have been structured subject to Section 205(a)(1) of the Advisers Act in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3. While not generally negotiable, the general partner of each Fund is permitted, in its sole discretion, to waive or reduce the amount of Carried Interest for a limited partner in a Fund, particularly with regard to CapStreet employees and their family members.

The fact that each general partner's Carried Interest distributions are based on the performance of the respective Fund may create an incentive for a general partner to make investments that are more speculative than would be the case in the absence of such distributions. However, CapStreet believes that this incentive is sufficiently mitigated by the fact that: (i) the applicable Governing Documents create limitations on the ability of CapStreet to establish new investment funds; (ii) losses will reduce such Fund's performance and thus a general partner's Carried Interest distributions; (iii) Carried Interest is generally calculated only after limited partners have received as distributions 100% of their capital contributions plus a preferred return; and (iv) a general partner, and the principal thereof, often make a substantial commitment to the Fund to invest their own capital alongside the limited partners. In addition, CapStreet has in place policies and procedures to address these conflicts, including policies and procedures to ensure that investment opportunities are allocated fairly and equitably among the Funds. CapStreet's procedures are designed to ensure that all

investment decisions are made in accordance with CapStreet's fiduciary duties to its Funds and without consideration of CapStreet's (or its affiliates' or employees') pecuniary interest. CapStreet will not allocate investment opportunities based, in whole or in part, on the relative fee structure or amount of fees paid by any Fund.

Item 7 – Types of Clients

CapStreet provides advice directly to pooled investment vehicles, which are U.S. limited partnerships sponsored by CapStreet, and not to individual limited partners. The Funds limit their respective limited partners to persons or institutions who are both (i) "accredited investors" as defined in the Securities Act of 1933, as amended ("Securities Act"), and (ii) either (A) "qualified purchasers" or "knowledgeable employees," each as defined in the Investment Company Act, or (B) "qualified clients," as defined in the Advisers Act. The Funds are not registered or required to be registered under the Investment Company Act; are not made available to the general public; their securities are not registered or required to be registered under the Securities Act; and Fund interests are privately placed to qualified investors in the United States and elsewhere. Eligibility to invest in a Fund is limited to limited partners who meet specified minimum criteria relating to such items as financial holdings and investment experience, which are further detailed in each Fund's Governing Documents.

The limited partners within CapStreet's Funds include institutions, funds of funds, pension plans and sophisticated high net worth individuals. Limited partners in the Funds also include employees of CapStreet, directly or indirectly.

Details concerning minimum initial and additional subscription amounts, as well as a description of the investment objectives and risk factors, are found in each Fund's Governing Documents which are provided to limited partners prior to investing with CapStreet. CapStreet has, in its sole discretion, permitted investments below the minimum amounts set forth in a Fund's Governing Documents.

CapStreet will generally pursue all appropriate investment opportunities through its Fund vehicles, subject to certain limited exceptions. CapStreet may, from time to time, require additional capital in order to complete a portfolio company transaction and may reach out to select limited partners or other parties for additional capital. Additionally, certain individuals who source transactions may negotiate co-investment rights or co-investment priority rights as a component of their compensation or other arrangements with the relevant Fund(s). These direct co-investments are not managed by CapStreet, are not subject to custody by CapStreet, are not charged Management Fees and/or Carried Interest, are not included the amount of regulatory assets under management on CapStreet's and are not deemed to be clients of CapStreet. Nevertheless, CapStreet will perform oversight, advisory and other services for the portfolio companies in which these limited partners or other co-investors invest alongside the Funds, generally at no cost to such third parties except expenses.

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

Investment Strategies and Methods of Analysis

Although CapStreet’s investment strategy may vary somewhat from Fund to Fund, the Firm, on behalf of the Funds, generally makes control investments in lower middle market companies (typically with enterprise values of less than \$150 million). CapStreet has a regional investment focus, primarily on companies headquartered in Texas and the surrounding states, with a particular emphasis on companies headquartered in the greater Houston area. CapStreet believes that there are several significant advantages that are a consequence of this geographic focus strategy: CapStreet primarily targets lower middle market companies in the outsourced business service sector and the industrial sector. Specifically, (i) within the outsourced business service sector, CapStreet targets companies with unique outsourced business-to-business service models that target end markets with a trend toward increased outsourcing and (ii) within the industrial sector, CapStreet’s primary focus is on distribution businesses capable of creating a competitive advantage through fabrication, customization, assembly, logistics, use of technology, superior service levels and technical sales.

CapStreet primarily invests in businesses owned by entrepreneurs, families, management teams or employee stock ownership plans. CapStreet applies a disciplined and methodical approach to drive operational improvement and growth at its portfolio companies.

CapStreet has sourced platform investments through a combination of sources, including its network of relationships (which includes industry executives, business owners, entrepreneurs, local and smaller intermediaries and other professionals), limited or broken auctions and traditional auctions and, in response to increasingly competitive market conditions, CapStreet has shifted its deal-sourcing focus primarily to direct sourcing over the last few years, and has developed, and continues to develop, a pipeline of potential investment opportunities which it believes will provide ample investments for its targeted fund size. As part of its direct sourcing strategy, CapStreet utilizes the services of intermediaries that specialize in CapStreet’s targeted investment sectors and geographic markets to assist it in identifying and reaching out to targeted prospective platform portfolio companies and potential add-on acquisitions for portfolio companies.

After identifying a potential control investment opportunity, CapStreet undertakes a comprehensive due diligence process. Because of its direct sourcing strategy, CapStreet is able to conduct a systematic and thorough due diligence process over a longer period of time than is possible in competitive auction processes. Such due diligence includes: analysis of the market opportunity, the company’s competitive position, its relationships with customers; suppliers and other relevant third parties, and potential risk factors; extensive background checks of management and interviews with customers, suppliers and industry experts; CapStreet engages external resources in the diligence process, including legal, accounting, insurance and technology experts as well as specialist consulting firms to assist in quantifying market opportunities or to assess specific risks. During the course of the negotiations and due diligence for a potential acquisition, the members of the CapStreet team directly involved in the sourcing of and performance of diligence on the acquisition (the “Deal Team”) present a plan to the

Investment Committee detailing the nature, scope and timing of due diligence procedures and the key steps and timeline leading to the closing of the transaction. The Investment Committee is regularly updated by the deal team, and questions and concerns raised by members of the Investment Committee, and other members of CapStreet's investment team, are addressed at every stage of the due diligence process.

CapStreet's initial focus following an acquisition is on the creation of an operating platform capable of scaling to support significant long-term growth. Value creation initiatives commonly include: talent acquisition, strategic pricing, marketing and branding, product development, sales organization, processes and tools, business process improvements, supply chain and sourcing, offshoring and outsourcing, organic growth initiatives and mergers and acquisitions.

As part of the initial investment process, CapStreet analyzes potential exit alternatives for each of its portfolio companies. CapStreet's goal is to transform its portfolio companies through its value creation process into larger, more profitable businesses capable of supporting growth.

Risks

An investment in a private equity fund involves a substantial degree of risk, and Fund limited partners must be prepared to bear the risk of a complete loss of their investments. Limited partners and prospective limited partners in a Fund should review the Governing Documents of such Fund for a detailed description of the risks associated with an investment in the Fund. Different or new risks not addressed below may arise in the future and, therefore, the following list is not intended to be exhaustive. Investments in the Funds are subject to many material risks, including the following:

Nature of Investment in General. An investment in a private equity fund requires a long-term commitment, with no certainty of return. There most likely will be little or no near-term cash flow available to the limited partners. Many, if not all, of a Fund's investments will be highly illiquid, and there can be no assurance that a Fund will be able to realize such investments in a timely manner. A Fund's contemplated exit strategies for its investments can be adversely affected by numerous factors, many of which would be unforeseen or unexpected at the time the investments are made. Consequently, it is possible that the dispositions of a Fund's investments will require a lengthy time period or result in distributions in kind to the partners. Additionally, a Fund typically will acquire securities that cannot be sold except pursuant to a registration statement filed under the U.S. Securities Act, or in a private placement or other transaction exempt from registration under the Securities Act and that complies with any applicable non-U.S. securities laws. Certain of a Fund's investments will be in businesses with high levels of debt or investments in leveraged buyouts; leveraged buyouts by nature require companies to undertake a high ratio of fixed charges to available income. Leveraged investments are inherently more sensitive to declines in revenues and to increases in expenses. Since a Fund will only make a limited number of investments, and since a Fund's investments generally will involve a high degree of risk, poor performance by a few of the investments could severely affect the total returns to its limited partners. The performance of past investments led by CapStreet is not necessarily indicative of the results that will be achieved by a Fund. There can be no assurance that the targeted internal

rate of return (“IRR”) will be attained. On any given investment and in a Fund as a whole, loss of all or a portion of the original amount of the investment is possible.

Risk of Total Loss of Capital. There can be no assurance that: (i) a general partner will be able to choose, make and realize investments on behalf of a Fund in any particular company or portfolio of companies, (ii) a Fund will be able to generate positive returns for its limited partners or that any positive returns will be commensurate with the risks of investing in the type of companies and transactions described herein; or (iii) a limited partner will receive any distributions from a Fund. Limited partners could experience a loss of their entire investment in a Fund. Accordingly, an investment in the Funds should only be considered by persons who can afford a loss of their entire investment.

General Economic Conditions. The success of the Funds will be affected by general economic conditions in the U.S. and regional economic conditions affecting its portfolio investments. The expected concentration of the Funds’ investments in a few regional markets has the potential to result in volatility due to localized economic downturns. Interest rates, general levels of economic activity, the price of securities and participation by other investors in the U.S. and regional financial markets can affect the value and number of investments made by the Partnership or considered for prospective investment.

Economic Disruptions Due to Coronavirus. The recent spread of COVID-19 (the “coronavirus”) in certain countries, including the United States, has shown an ability to result in a broad-based economic decline and significant market volatility. The outbreak has resulted in numerous deaths, adversely impacted global commercial activity and contributed to significant volatility in certain equity and debt markets. This is a new and developing threat and therefore presents material uncertainty and risk with respect to the Funds’ performance and financial results. The global impact of the outbreak has been rapidly evolving, and many countries have reacted by instituting quarantines, prohibitions on travel and the closure of offices, businesses, schools, retail stores and other public venues. Businesses are also implementing similar precautionary measures. Because of the unpredictability of the virus’ spread, as well as potential development and distribution of a vaccine to materially alter such spread, it is unclear as to how long such conditions are likely to exist or what the ultimate extent of such damage will be; however, in both cases, the total impact is expected to be magnified the longer the pandemic lasts or more widespread it becomes. The extent of the impact of any public health emergency on the Funds’ and its portfolio investments’ operational and financial performance will depend on many factors, including the duration and scope of such public health emergency, the extent of any related travel advisories and restrictions implemented, the impact of such public health emergency on overall supply and demand, goods and services, limited partner liquidity, consumer confidence and levels of economic activity and the extent of its disruption to important global, regional and local supply chains and economic markets, all of which are highly uncertain and cannot be predicted.

Aside from the broad effects on the economy, the coronavirus may also have specific implications for the Firm’s operations and activities of its personnel, which can range from employees choosing or

being required to work from home to more significant impacts such as illness, restrictions on non-essential travel, difficulty hosting fundraising meetings and absence from portfolio company board meetings. The Firm expects to institute procedures, as it deems appropriate, to deal with operational impacts from the coronavirus. Many of these procedures are expected to mirror procedures currently contained in the Firm's Business Continuity Plan for dealing with other significant business disruption events. The Firm may consider additional or modified safeguards in the event employees choose or are required to work from home for an extended period of time, such as if any changes are required to be instituted for remote login and/or to protect the privacy of Firm, Fund and limited partner data. Additionally, although the Funds generally invest on a long-term basis in privately held companies that are less correlated to broader market forces, the impact of a global economic slowdown has the potential to impact the Funds' performance and/or financial results by negatively effecting the Firm's ability to, among other things, source new investments, diligence such potential investments, exit current investments (or exit them at the valuations previously expected) or obtain financing. Depending on the specific industries in which the Funds' portfolio companies operate and where their supply and distribution chains are located, it is possible that the coronavirus could have an outsized impact on individual portfolio companies. In addition to the potential impact on the Firm's operations and the overall profitability of a Fund, the Firm's portfolio companies may face their own challenges in dealing with a pandemic. These include, but are not limited to, the possibility that employees will have to work remotely or that their supply chain will be disrupted. The Firm may assist a portfolio company with implementing procedures to mitigate the impact of the coronavirus; however, there can be no assurance that such measures will be effective or that even if effective, that such portfolio company will not sustain significant financial losses. Depending on the length and severity of the pandemic, it is possible that Firm personnel will spend a significant amount of time and attention addressing implications from the coronavirus, including minimizing the impact at the Firm, the Funds or a specific portfolio company.

Business and Management. Investments in portfolio companies subject the Funds to the general risks associated with the underlying businesses, including but not limited to market conditions, changes in regulatory requirements, reliance on management at the portfolio company level, interest rate and currency fluctuations, general economic downturns, domestic and foreign political situations and other factors. The success of the Funds' portfolio companies will likely depend on the development and marketing of new technologies that at any time can be rendered unattractive or obsolete by technological advances, new social trends and/or communication methods as seen in the recent emergence of social networking tools and platforms. 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.

Dependence on Principals. The success of a Fund will depend on CapStreet's ability to identify and consummate suitable investments, to manage and monitor portfolio companies, and to dispose of investments of a Fund at a profit. CapStreet's success will in turn be highly dependent on its investment professionals. The loss of one or more of these individuals could have a material adverse effect on the performance of a Fund. Although CapStreet's investment professionals will commit

substantially all of their business efforts to CapStreet, they are not all required to devote all of their time to a specific Fund's affairs. None of the investment professionals are obligated contractually to remain with CapStreet.

Limited Partners Will Not Control the Fund's Operations. Under the terms of the Governing Documents, no Fund will permit limited partners to engage in the active management and affairs of the applicable Fund, including investment and disposition decisions. In order to safeguard their limited liability from the liabilities and obligations of the Fund, limited partners must rely entirely on CapStreet to conduct and manage the affairs of the Fund.

Possibility of Fraud or Other Misconduct of Personnel and Service Providers. Misconduct by personnel of the Firm, portfolio company officers or employees, service providers to the foregoing and/or their respective affiliates could cause significant losses to the Funds. Misconduct can include entering into transactions without authorization, the failure to comply with operational and risk procedures, including due diligence procedures, misrepresentations as to investments being considered by the Funds, the improper use or disclosure of confidential or material non-public information, which could result in litigation or serious financial harm, including limiting the Funds' business prospects or future marketing activities, and non-compliance with applicable laws or regulations and the concealing of any of the foregoing. Such activities would potentially result in reputational damage, litigation, business disruption and/or financial losses to the Funds. The Firm has controls and procedures through which it seeks to minimize the risk of such misconduct occurring. However, no assurances can be given that the Firm will be able to identify or prevent such misconduct.

Highly Competitive Market for Investment Opportunities. The business of identifying, completing and realizing on attractive private equity investments is highly competitive and involves a high degree of uncertainty. Other private equity firms or investors can sometimes make competing offers for investment opportunities that are identified, and even after an agreement in principle has been reached with the board of directors or owners of an acquisition target, consummating the transaction is subject to a myriad of uncertainties, only some of which are foreseeable or within the control of the Firm. There can be no assurance that CapStreet will be able to locate and complete investments which satisfy a Fund's rate of return objectives or realize upon these investment values, or that the objectives of the Partnership will be achieved if such investments are made, or that a Fund will be able to invest fully its committed capital. Even if the Firm takes advantage of an investment opportunity, there is a risk that such investment opportunity will result in losses. Competition for investments can have the effect of reducing the number of suitable investment opportunities and increasing the costs associated with a Fund's investments, thereby reducing a Fund's investment returns. If the Firm is not able to identify and/or take advantage of suitable investment opportunities, it will potentially change its risk parameters in order to deploy capital, which will generally have a material adverse effect on the Firm's investment results. In addition, the Firm sometimes relies on market participants to inform it of particular investment opportunities. Returns shall generally be reduced if market participants fail to provide such information or if the Firm is otherwise unable to source opportunities it considers appropriate for its investment strategies.

Operating Improvements. In some cases, the success of a Fund's investment strategy will depend, in part, on the ability of CapStreet or the management of a portfolio company to restructure and implement improvements in the operations of a portfolio company. The activity of identifying and implementing restructuring programs and operating improvements at portfolio companies entails a high degree of uncertainty. There can be no assurance that a Fund will be able to successfully identify and implement such restructuring programs and improvements.

Concentration of Investments; Potential Lack of Diversification. A Fund is permitted to invest up to 15%, or depending upon the individual Fund's Governing Documents, up to 20% with the approval of its advisory board in a single investment and, as a result, will participate in a limited number of investments. As a consequence, the aggregate returns or losses of a Fund are more likely to be affected significantly by the performance of a single investment.

Leverage. The Firm may, in its discretion, recommend that a Fund borrow money under a credit facility or similar agreement to facilitate the making of portfolio companies. If the interest expense on borrowings were to exceed the net return on the portfolio of securities purchased with borrowed funds, returns would be lower than if no such leverage were incurred. Additionally, the use of leverage, while providing the opportunity for higher returns, also increases volatility and the risk of loss.

Recycling. CapStreet will have the option to recycle proceeds of certain investments for reinvestment and to pay fees and expenses of the relevant Fund. Accordingly, during the term of each Fund, to the extent amounts are reinvested in investments, limited partners will remain subject to investment and other risks associated with such investments.

Risk of Bridge Financing. Investments are permitted to include bridge financing to portfolio companies. While a bridge financing is outstanding, the bridge lender bears the risk of changes in the capital markets. A portfolio company's inability to refinance a bridge loan is expected to result in retaining a long-term investment in a junior security or having its bridge loan converted to equity.

Time Required to Maturity of Investment. It is anticipated there will be a significant period of time before a Fund has completed its investments in portfolio companies. Such investments typically take from three to seven years from the date of initial investment to reach a state of maturity when realization of the investment can be achieved. Transaction structures typically will not provide for liquidity of a Fund's investment before that time. In light of the foregoing, it is likely that no significant return from the disposition of a Fund's investments will occur for a significant period of time from the initial closing date. In addition, a Fund's investments may not be disposed of at advantageous prices before the date a Fund is required to be dissolved. If a Fund's investments have not been sold or distributed in-kind at dissolution, a Fund will, in some cases, have to sell, distribute or otherwise dispose of investments at a disadvantageous price or upon disadvantageous terms upon dissolution.

Reliance on Portfolio Company Management. CapStreet will monitor the performance of each investment and maintain an active and ongoing dialogue with each portfolio company's management team. Nevertheless, the management of the portfolio company will be primarily responsible for operating

the company on a day-to-day basis. Although each Fund intends to invest in companies with strong operating management teams that have successful track records or to recruit qualified replacement management, there can be no assurance that each portfolio company's management team will be able to operate the company successfully.

Illiquidity of Investments. An investment in a Fund requires a long-term commitment with no certainty of return. It is unlikely there will be near-term cash flow available to the limited partners in any Fund. Many of a Fund's investments will be illiquid, and there can be no assurance that a Fund will be able to realize such investments at attractive prices or otherwise be able to effect a successful realization or exit strategy. Consequently, dispositions of such investments will likely require a lengthy time period or result in distributions in-kind to the limited partners. Additionally, a Fund will sometimes acquire securities that cannot be sold except pursuant to a registration statement filed under the Securities Act, or in accordance with Rule 144 promulgated under the Securities Act. There can be no assurance that private purchasers can be found for a Fund's investments.

Lack of Sufficient Investment Opportunities. The success of a Fund and its ability to generate an acceptable rate of return will depend, in part, on its ability to identify and acquire the assets and/or securities of attractive portfolio companies on favorable terms. The business of identifying and structuring private equity transactions is highly competitive and involves a high degree of uncertainty. It is possible that a Fund will never be fully invested if enough sufficiently attractive investments are not identified. However, limited partners will be required to pay annual Management Fees throughout the life of each Fund, subject to each Fund's Governing Documents.

Valuation of Portfolio Companies. Restricted and privately-held portfolio companies, which will likely not have readily ascertainable market values, are valued by CapStreet at fair value, which is the estimated amount that would be received in a sale of the portfolio company in an orderly transaction between market participants at the measurement date. Various valuation techniques and inputs are considered in valuing private portfolio companies, including purchase multiples paid in other comparable third-party transactions, comparable public company trading multiples, discounted cash flow analyses, market conditions, liquidity, current operating results and other pertinent information. Although CapStreet estimates the fair value of each portfolio company at each quarter-end using valuation techniques that CapStreet believes are in compliance with U.S. Generally Accepted Accounting Principles (and year-end fair value estimates are audited by a Fund's auditors as part of a Fund's year-end audit), due to the inherent uncertainty of valuation estimates, CapStreet's determination of values is expected to differ significantly from values that would have been realized had a ready market for the investments existed, and the differences could be material. The actual realized returns on unrealized investments will depend on, among other factors, future operating results, the value of assets and market conditions at the time of disposition, any related transaction costs and the timing and manner of sale, all of which will sometimes differ from the assumptions on which the valuations are based. Accordingly, the actual realized returns on unrealized investments will, at times, differ materially from the returns indicated.

Portfolio Company Leverage. Certain Funds are expected to make investments, either through leveraged buyouts or otherwise, in portfolio companies that have a leveraged capital structure. To the extent that any investment is made in a company with a leveraged capital structure, such investment will sometimes be subject to increased exposure to adverse economic factors such as a significant rise in interest rates, a downturn in the economy or deterioration in the condition of such company or its industry. In the event that such a company is unable to generate sufficient cash flow to timely meet principal and interest payments on its indebtedness, or to meet other covenants specified in its financing agreements, the value of a Fund's investment in such portfolio company could be significantly reduced or even eliminated. Additionally, lenders would typically have a claim that has priority over any claim by a Fund to such assets in an insolvency event or proceeding. The use of leverage will result in costs to a Fund that are sometimes not covered by distributions made to a Fund or appreciation of its investments.

Bankruptcy of Portfolio Companies. Certain Funds have, or will have authority in the future, to make investments in portfolio companies that experience financial difficulties and become insolvent or file for bankruptcy protection. Various U.S. federal and state and non-U.S. laws in connection with such bankruptcy proceedings could operate to the detriment of a Fund.

There is also a risk that a court will subordinate a Fund's investment to other creditors or require a Fund to return amounts previously paid to it by a portfolio company that becomes insolvent or files for bankruptcy, a risk that could increase if a Fund has management rights in such portfolio company.

Exclusivity Arrangements. In connection with certain investments or potential investments, the Firm is sometimes required to enter into exclusivity arrangements with other transaction participants or a prospective portfolio company. These arrangements can restrict the Funds from participating in an investment with other parties or restrict the Funds from pursuing investments that are deemed competitive with a portfolio company or potential portfolio company. These restrictions would require the Funds to forgo desirable investments it would otherwise have made or require the Funds to seek the consent of third parties to pursue such investments. The Firm will seek to minimize the impact of any such exclusivity arrangements on the Funds' investment program, when and where practicable.

Control Investments. In general, the Funds will endeavor to have a meaningful influence on the management, operations and strategic direction of the portfolio companies in a manner that will encourage growth and profitability. Any such exercise of control or influence over a portfolio company has the potential to result in additional risks of liability including but not limited to environmental harm, product defects, claims of failure to supervise management and other types of liability in which the limited liability generally characteristic of a portfolio company is expected to be ignored. Such exercise of control or influence over a portfolio company would expose the assets of the Funds to claims by such portfolio company, its security holders and its creditors. The general partners intend to manage the Funds in a manner that will minimize a Fund's exposure to any such risks, but the possibility of successful claims cannot be precluded.

Non-Controlling Investments. The Funds on occasion hold meaningful minority stakes in privately held companies and in some cases may have limited minority protection rights. In addition, during the process of exiting investments, a Fund at times may hold minority equity stakes of any size such as might occur if portfolio companies are taken public. As is the case with minority holdings in general, such minority stakes that a Fund holds will have neither the control characteristics of majority stakes nor the valuation premiums accorded majority or controlling stakes. Where a Fund holds a minority stake, it may be more difficult for such Fund to liquidate its interests than it would be had the Fund owned a controlling interest in such company.

To the extent a Fund invests alongside third parties, such as institutional co-investors or private equity funds of other sponsors, or makes a minority investment, the relevant portfolio companies may be controlled or influenced by persons who have economic or business interests, investment or operational goals, tax strategies or other considerations that differ from or are inconsistent with those of the Funds or its limited partners. Such third parties may be in a position to take action contrary to a Fund's business, tax or other interests, and the Fund may not be in a position to limit such contrary actions or otherwise protect the value of its investment. When taking non-control positions, a Fund generally will seek to negotiate certain negative controls and veto rights on major decisions, but there can be no assurance that a Fund will be able to control the timing or occurrence of an exit strategy for such portfolio companies in a manner that maximizes or protects value.

Risks Relating to Due Diligence. Before making investments on behalf of the Funds, the Firm will typically conduct due diligence that it deems reasonable and appropriate based on the facts and circumstances applicable to each investment. Due diligence entails evaluation of important and complex business, financial, tax, accounting, environmental and legal issues. Outside consultants, legal advisors, accountants, investment banks and other third parties will likely be involved in the due diligence process to varying degrees depending on the type of investment and the facts and circumstances related thereto, which expenses will be borne by the Funds. The due diligence investigation that the Firm carries out with respect to any investment opportunity will not necessarily reveal or highlight all relevant facts that would be necessary or helpful in evaluating such investment opportunity. Moreover, such an investigation will not necessarily result in an investment being successful or even ensure a return of invested capital. In the event that an investment is not consummated, the Funds will sometimes bear some or all third-party expenses and any termination fees.

Expedited Transactions. Investment analyses and decisions by the Firm can be undertaken on an expedited basis in order for the Funds to take advantage of investment opportunities. In such cases, the information available to the Funds at the time of an investment decision could be limited, and the Funds would not have access to the detailed information necessary for a full evaluation of the investment opportunity. Therefore, no assurance can be given that the Firm will have knowledge of all circumstances that would adversely affect an investment. In addition, where diligence information is available, the Firm will, at times, rely upon independent consultants in connection with its evaluation

of proposed investments; however, no assurance can be given that these consultants will accurately evaluate such investments and the Funds would incur liability as a result of such consultants' actions.

Uncertainty of Financial Projections. A Fund is likely to use financial projections to help analyze a potential investment or future capital raises and financing for portfolio companies or other transactions. Projected operating results will often be based on management judgments. In all cases, projections are only estimates of future results that are based upon assumptions made at the time that the projections are developed. There can be no assurance that the projected results will be obtained, and actual results will sometimes vary significantly from the projections. General economic conditions, which are not predictable, can have a material adverse effect on the reliability of such financial projections.

Lower Middle Market Companies. Investments in lower middle market companies such as those that the Funds invest in, while often presenting greater opportunities for growth, also entail larger risks than are customarily associated with investments in larger companies. Smaller companies generally have more limited product lines, markets and financial resources, and are often dependent on a smaller or less experienced management group. As a result, such companies typically are more vulnerable to general economic trends and to specific changes in markets and technology. In addition, future growth is 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 interests in smaller, private companies, which will make realizations of gains more difficult, by requiring sales to other private investors. Finally, the relative illiquidity of private equity investments generally, and the somewhat greater illiquidity of private investments in smaller companies, could make it difficult for a Fund to react quickly to negative economic or political developments.

Industrial Manufacturing. Investments in the industrial manufacturing sector by a Fund will be subject to a variety of risks including, but not limited to: (i) the risk that the technology employed in a project will not be effective or efficient; (ii) products or technologies that may quickly become obsolete; (iii) environmental liability risks related to properties and projects; (iv) risks of equipment failures; (v) loss of sale and supply contracts; (vi) bankruptcy of key customers or suppliers; (vii) tort liability in excess of insurance coverage; (viii) inability to obtain desirable amounts of insurance at economic rates; and (ix) acts of God or other catastrophes.

Follow-On Investments. Following an initial investment in a privately held company, a Fund will, in some instances, be presented with the opportunity to provide additional capital to such company. Even if such an investment is desired, it is possible that the Fund will have insufficient available capital to act. Any recommendation by the general partner not to make a follow-on investment or any inability of the Fund to fund such an investment could have a material adverse effect on a privately held company in need of capital, potentially materially adversely affecting limited partners.

Side Letters. During the process of raising a new Fund, the general partners expect to enter into a side letter or other similar agreement with limited partners in connection with its admission to a Fund without the approval of any other limited partner, which would have the effect of establishing rights

under or supplementing the terms of the Governing Documents with respect to such limited partner in a manner more favorable to such limited partner than those applicable to other limited partners. Such rights or terms in any such side letter or other similar agreement may include, without limitation, (i) excuse rights applicable to particular investments (which would increase the percentage interest of other limited partners in, and contribution obligations of other limited partners with respect to, such investments), (ii) reporting obligations of the general partner, (iii) waiver of certain confidentiality obligations, (iv) consent of the general partner to certain transfers by such limited partner or (v) rights or terms necessary in light of particular legal, regulatory or public policy characteristics of a limited partner.

No Market for Interests; Restrictions on Transfer. Interests in the Funds have not been registered under the Securities Act or state securities laws, and therefore cannot be sold unless they are subsequently registered under the Securities Act and other applicable securities laws, or an exemption from such registration is available. The Funds do not contemplate registering their interests under the Securities Act or other applicable securities laws. There is no public market for interests in the Funds, and none is expected to develop. Moreover, pursuant to the Governing Documents, interests in a Fund are not generally transferable without the written approval of the relevant general partner, which such general partner may withhold in its discretion. In addition, pursuant to the Governing Documents, limited partners may not withdraw capital from any Fund. Therefore, an investment in a Fund should be considered illiquid.

Lack of Liquidity, Transferability and Withdrawal. Limited partner interests are a new issue of securities for which there is no established trading market. A limited partner cannot expect to be able to resell any of his/her/its interests readily, if at all. In reliance upon exemptions that depend in part upon the accredited investor status and investment intent of the limited partners, the limited partner interests are not being registered for public sale under federal or state securities laws. The limited partner interests will also have significant contractual restrictions on transfer. For such reasons, there is little liquidity in an investment in the limited partner interests. The limited partners also have no right to withdraw capital during the term of a Fund. Accordingly, the limited partner interests should be acquired for investment purposes only and not with a view toward resale. Limited partners would be required to bear the financial risks of an investment in his/her/its interests indefinitely and limited partners should have the financial ability and willingness to accept the risks of this lack of liquidity.

Investments Longer than Term. A Fund will, on occasion, make investments that ultimately cannot be advantageously disposed of prior to the date the Fund is dissolved, either by expiration of such Fund's term or otherwise. Although CapStreet expects that investments will be disposed of prior to dissolution or be suitable for in-kind distribution at dissolution and CapStreet has a limited ability to extend the term of the applicable Fund, such Fund would have to sell, distribute or otherwise dispose of investments at a disadvantageous time as a result of dissolution. In addition, there can be no assurances with respect to the time frame in which the winding-up and the final distribution of proceeds to the limited partners will occur.

Cybersecurity Breaches and Identity Theft. The information and technology systems for CapStreet, the Funds and the portfolio companies are vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Although CapStreet has implemented various measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, CapStreet, the Funds and/or a portfolio company would potentially incur specific time or expense to fix or replace them and to seek to remedy the effects of such issues. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in CapStreet's, the Funds' and/or a portfolio company's operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to limited partners (and the beneficial owners of limited partners). Such a failure could harm CapStreet's, the Funds' and/or a portfolio company's reputation, subject any such entity and its respective affiliates to legal claims or otherwise affect their business and financial performance.

Conflicting Interests. Each Fund has a diverse range of limited partners that have conflicting interests stemming from differences in investment preferences, tax status, and regulatory status. CapStreet will consider the objectives of each Fund and its limited partners as a whole when making investment decisions with respect to the selection, structuring and sale of portfolio companies. However, such decisions can sometimes be more beneficial for one limited partner than for another. Other possible conflicts of interest that can affect the Funds include:

- Follow-on investments may present conflicts of interest, including determination of the equity component and other terms of the new financing.
- The Funds may participate in recapitalization transactions involving portfolio companies. Recapitalization transactions present conflicts of interest including determinations of whether existing limited partners are being cashed out at a price that is lower than market value and whether new limited partners are paying too high a price for the company or purchasing securities with terms that are less favorable than prevailing market terms.
- The counsel to the Funds and the auditor for the Funds may also represent the general partners, CapStreet and their respective affiliates.
- The existence of the general partners' Carried Interest may create an incentive for the general partners to cause the Funds to make investments with higher risk profiles than it would otherwise make in the absence of performance-based compensation.
- The members of the advisory board have other professional obligations including senior executive, supervisory or board positions, which are not related to the Funds or portfolio companies. Therefore, conflicts of interest may arise in allocating time, services or functions

among the Funds and the time required for these other obligations.

- CapStreet may charge commitment, break-up, topping, advisory, monitoring and oversight or other fees in connection with an investment or ongoing activities of a portfolio company. All such fees (whether paid to the Funds, CapStreet or the general partners) will be property of CapStreet and only a portion of such fees received by CapStreet will be shared with the Funds, potentially creating an incentive for the general partners to focus available resources on generating such fees.

No limited partner will have the right to participate in any profits, income or business opportunities accruing or presented to the general partners, CapStreet or their affiliates other than the investments made through and on behalf of the Funds.

Conflicts of Interest

The material conflicts of interest that a Fund encounters include those discussed below and elsewhere in this Brochure. The following summary is not intended to be an exhaustive list of all conflicts or their potential consequences. The Governing Documents for each Fund include a description of what CapStreet believes to be the most significant conflicts of interest associated with an investment in such Fund. Limited partners should carefully consider the conflicts of interest herein as well as those outlined in each applicable Fund's Governing Documents prior to investing in a Fund. Identifying potential conflicts of interest is complex and fact intensive and it is not possible to foresee every conflict of interest that will arise during a Fund's life. Limited partners should be aware that CapStreet, its personnel, and its affiliates will likely in the future engage in further activities that can result in additional conflicts of interest not addressed below. There can be no assurance that CapStreet will identify or resolve all conflicts of interest and, if resolved, that such conflicts will be resolved in a manner that is favorable to the Funds. To the extent that CapStreet identifies conflicts of interest in the future, the Firm intends to, but is under no obligation to, disclose these conflicts and their implications to limited partners through a variety of channels, including in subsequent Brochures or in other written or oral communications to the advisory committees or to limited partners.

Conflicts Generally. As a result of existing investments and activities, CapStreet and its affiliates will from time to time acquire confidential information that they will not be able to use for the benefit of the Funds.

CapStreet will generally pursue all appropriate investment opportunities through its Fund vehicles, subject to certain limited exceptions. Certain deals pursued by CapStreet are expected, from time to time, to require additional capital in order to complete a portfolio company transaction and CapStreet will, at times, reach out to select limited partners or other investors for additional capital. Any such co-investments are not managed by CapStreet, are not subject to custody by CapStreet and are not deemed to be clients of CapStreet.

Also, as discussed below in Item 11, certain CapStreet Personnel (as defined in Item 11) are limited partners in the Funds. Because of the nature of its business, the participation of CapStreet Personnel in the Funds will not interfere with the making or implementing of decisions that are in the best interest of limited partners. CapStreet Personnel share in the same investments as other limited partners of the Funds and receive distributions based on their pro rata commitment to the Fund.

Investment Allocation. CapStreet will generally not raise a successor Fund until its current Fund is substantially invested, subject to the terms and conditions of the relevant Fund's private placement memorandum. Where CapStreet is presented with the opportunity to allocate an investment opportunity across multiple Funds (other than parallel Fund vehicles that are expressly formed to invest pro rata), it will do so on a fair and equitable basis, consistent with its fiduciary obligations, applicable Governing Documents and any other underlying documents, if applicable. CapStreet's Investment Committee will review and approve all investment allocations across multiple Funds. CapStreet will not allocate investment opportunities based in whole or in part, on: (i) the relative fee structure or amount of fees paid by any Fund; or (ii) the profitability of any Fund. The Investment Committee reviews the merits of each investment opportunity and is ultimately responsible for the allocation of each investment.

With more than one active Fund, CapStreet is aware of the potential conflict of interest inherent in managing multiple active vehicles. Accordingly, CapStreet's policy is to complete the platform investments for one Fund before activating a subsequent Fund.

Limited Partner Transfer of Interests. In certain cases, CapStreet will have an opportunity (but, subject to any applicable restrictions or procedures in the relevant Governing Documents, no obligation) to identify one or more secondary transferees of interest in a Fund. In the case of ordinary transfers, CapStreet will not receive compensation for identifying such transferees and will use its discretion to select such transferees based on eligibility and other factors, and unless required by the relevant Governing Documents, will determine in its sole discretion whether the opportunity to receive a transfer of Fund interests should be offered to one or more existing Fund limited partners.

Fees Subject to Offset. The Firm will receive transaction fees, directors' fees (other than compensation paid to independent directors or paid by a public company), advisory fees, monitoring fees or other similar fees (net of related, unreimbursed expenses paid by the Firm or its affiliates) (collectively, "Other Fees"). Other Fees will not include (i) any fees or other compensation paid by a public company (including the grant of options or other similar securities if such compensation is consistent with grants made to the portfolio company's independent directors), (ii) salary or consulting fees or expense reimbursements paid to, or in respect of, any individual who devotes more than 50% of his business time to the business and affairs of a portfolio company in any 180 day period, or (iii) fees or other compensation and expense reimbursements received in cash or otherwise (including stock options or similar incentive compensation at the time of exercise) by, or in respect of, any Operating Executives who serve as directors or provide services in respect of the business or affairs of the Fund V portfolio companies at the request of the Firm. Such Other Fees will be offset against the

Management Fees paid to the Firm only to the extent such Other Fees are allocable to a Fund's investment (determined on a cost basis) in such portfolio company; provided that "directors' fees" will not include options or other non-cash compensation awarded to employees of the Firm or its affiliates for services rendered as members of boards of directors of portfolio companies where the award is in the ordinary course and the options or non-cash compensation and cannot be transferred or conveyed directly to the Firm under the applicable documents or agreements governing such option or other non-cash compensation. With regard to Fund V only, such options or other non-cash compensation and such fees for services rendered will not be offset against the Management Fees.

With regard to Fund V only, all such fees will be allocated between Fund V and any related co-investing entities participating in the applicable investment on the basis of capital committed by each to the relevant investment, and the amount of such fees so allocated to Fund V will be subject to the offset described below. The amount of such fees allocated to such other related co-investing entities will not result in an offset of the Management Fee payable by the limited partners, even if such other related co-investing entities provide for lower or no Management Fees for the limited partners participating therein.

With regard to Fund V, the Firm would have a conflict of interest to the extent that it has an opportunity to earn a fee from a portfolio company. More specifically, to the extent that the receipt by the Firm and its affiliates of any such fees results in an offset of the Management Fee payable by the limited partners as provided in the Governing Documents, such fees will be allocated between Fund V and any related co-investing entities participating in the applicable investment on the basis of capital committed by each to the relevant investment. The amount of such fees allocated to such other related co-investing entities will not result in an offset of the Management Fee payable by the Fund V limited partners, even if such other related co-investing entities provide for lower or no Management Fees for the limited partners participating therein. However, the Firm believes that the Management Fee offset provisions described above and the substantial equity commitment, including Carried Interest, by the Firm and its affiliates substantially mitigates this potential conflict.

Co-Investments. The Firm shall generally, but will be under no obligation to, offer co-investment opportunities to any persons, including limited partners, strategic investors, affiliates of the Firm or third parties, the terms of which will be determined by the general partner but is expected to include the opportunity to co-invest on a no-fee, no-carry basis. With respect to Fund V only, to the extent co-investment opportunities are offered to co-investors, the portion of any Other Fees that is allocable to such co-investors (based on the ratio of capital committed by the Funds and each related co-investing entity to the relevant investment) will not be offset against the Management Fee. Such co-investments will generally be limited to the capital invested in the applicable portfolio company and will likely not bear the expenses associated with developing and consummating the investment opportunity or post-closing monitoring expenses, in each case not reimbursed by the portfolio company. Such potential co-investors will also sometimes not bear broken deal expenses, in which case the full amount of such expenses would be borne by the Fund. The Firm or any of its affiliates will likely charge Carried Interest, management and Other Fees to any co-investors (other than any

such co-investors that are limited partners) with respect to any co-investment, and will make an investment or otherwise participate, in any vehicle formed to structure a co-investment to facilitate receipt of such Carried Interest and fees. Any such Carried Interest or fees will not be shared with limited partners in the Funds.

As a general matter, the Firm, in determining the allocation of discretionary co-investment opportunities, generally expects to take into account various facts and circumstances deemed relevant by the Firm. Such factors include, among others, whether a potential co-investor has expressed an interest in evaluating co-investment opportunities, whether a potential co-investor has a history of participating in co-investment opportunities with CapStreet, the size of the potential co-investor's interest to be held in the underlying portfolio company as a result of a Fund's investment (which will be based on the size of the potential co-investor's investment in the Fund), whether the potential co-investor has demonstrated a long-term and/or continuing commitment to the potential success of CapStreet, the Funds, or other co-investments, and such other factors that CapStreet deems relevant under the circumstances. Prospective investors should also note that limited partners are not required to participate in co-investments offered by the Firm.

Use of Consultants and Operating Executives. From time to time the Firm engages third-party consultants to assist in special projects, to help source deals in specific industry sectors and/or to assist with and provide consulting and other administrative services to certain prospective or existing portfolio companies. The Firm also retains Operating Executives from time to time to provide strategic and other advisory services to the Firm and portfolio companies. The Firm expects to work closely with consultants and Operating Executives in order to utilize their experience, knowledge and relationships to the benefit of the Funds. These arrangements have the potential to create conflicts of interest. Relationships between portfolio companies and Operating Executives are often initiated to meet a portfolio company need, and the arrangements between such Operating Executives and the portfolio companies are expected to change over time, and in many cases will be terminated when the portfolio company is sold. The Firm will use efforts to assure that the compensation paid by the Funds and its portfolio companies to the Operating Executives or to the Firm in respect of services provided by the Operating Executives are commercially reasonable, on an arm's length basis and consistent with market terms and conditions offered by third parties for similar services of a comparable quality.

Transactions with Limited Partners. CapStreet has entered into transactions with certain Fund limited partners such as, for example, limited partners who are also business partners, such as insurance agents, investment banks, commercial bankers, broker-dealers, legal counsel or others who provide services (including mezzanine and/or other lending arrangements) to the Firm, its Funds and portfolio companies. The terms of these transactions are negotiated on an arm's-length basis; however, CapStreet is subject to a conflict of interest when determining such terms because CapStreet is expected to benefit from obtaining or retaining such limited partners' investment in Funds.

Portfolio Company Board Service. As a result of a Fund's significant and often controlling interests in portfolio companies, CapStreet and/or its affiliates typically have the right to appoint portfolio

company board members, or to influence their appointment, and to determine or influence a determination of their compensation. CapStreet Personnel, and those appointed by them, generally serve on the boards of Fund portfolio companies. Additionally, from time to time, portfolio company board members approve compensation and other amounts payable to CapStreet in connection with services provided by the Firm and its affiliates to such portfolio company, and, except to the extent such amounts are subject to the partnership agreement's offset provision, are in addition to the Management Fee or Carried Interest. CapStreet's authority to appoint or influence the appointment of portfolio company board members who will potentially be involved in approving compensation payable to the Firm subjects CapStreet and any such portfolio company board appointees to potential conflicts of interest. Serving in such capacity has the potential to give rise to conflicts to the extent that an employee's fiduciary duties to a portfolio company as a director conflict with the interests of a Fund in general; however, as the Funds will generally be significant shareholders of such companies, it is expected that such interests will generally be aligned. Generally, CapStreet Personnel do not receive fees for serving on the boards of portfolio companies during the time of a Fund's investment in such companies.

Advisory Boards. CapStreet has established advisory boards for each Fund under the respective Fund's Governing Documents. These advisory boards are comprised of select limited partners of each Fund, as well as CapStreet principals. In such situations, a conflict of interest exists in that not all limited partners are asked to join a Fund's advisory board. The Governing Documents provide that to the fullest extent permitted by applicable law, none of the advisory board members shall owe any fiduciary duties to the Funds or any other limited partner. Members of the advisory board can have conflicts of interest that do not disqualify such members from voting or consenting to matters submitted to the advisory board for consideration or review. Members of the advisory board may have various business and other relationships with CapStreet and its members, partners, managers, directors, officers, employees and affiliates. These relationships have the potential to influence their decisions as members of the advisory board. To the extent that a limited partner is not directly represented by a member of the advisory board, such limited partner will have no influence over matters submitted to the advisory board for review or approval.

In addition, members of one Fund's advisory board would likely also be a member of another Fund's advisory board. In such instances, a conflict of interest exists because advisory boards would be requested to provide consent with respect to transactions which involve a conflict of interest between two or more Funds on which such advisory board members serve, and such members are unlikely to recuse themselves from any such vote.

Borrowing. A Fund from time to time will borrow funds or enter into other financing arrangements for various reasons, including, but not limited to paying various Fund expenses or to make or facilitate new or follow-on investments (including borrowings pending receipt of capital contributions from limited partner). If a Fund borrows in lieu of calling capital to fund the acquisition of an investment, the borrowing generally would be used for all limited partners in such Fund on a pro rata basis,

including the general partner, except in circumstances when a limited partner has indicated for tax purposes to not participate in borrowing.

Although borrowings by a Fund have the potential to enhance overall returns that exceed the Fund's cost of capital, such borrowings increase the potential exposure of a Fund to a particular investment above the level the Fund would have typically made had an investment been limited to equity. Any such borrowings would further diminish returns (or increase losses on capital) to the extent overall returns are less than the Fund's cost of funds. To the extent a Fund uses borrowed funds in advance or in lieu of capital contributions, the Fund's limited partners generally make later capital contributions, but the Fund will bear the expense of interest on such borrowed funds. In addition, a Fund's use of borrowed funds has the potential to impact the calculation of net performance metrics (to the extent that they measure limited partner cash flows) and make net IRR calculations higher than they otherwise would be without Fund-level borrowing (especially where financing remains outstanding for longer durations), as these calculations generally depend on the amount and timing of capital contributions, which timing is delayed by virtue of the use of the line. While a Fund will bear the expense of borrowed funds, such borrowings can also increase the Carried Interest received by the Fund's general partner by effectively reducing or eliminating the preferred return received by the limited partners and accelerating or increasing distributions of Carried Interest to the relevant general partner. The general partner therefore has a conflict of interest in deciding whether to borrow funds because the general partner has the potential to receive disproportionate benefits from such borrowings.

Borrowing by a Fund will generally be secured by capital commitments made by limited partners to such Fund and/or by the Fund's assets, and documentation relating to such borrowing can provide that during the continuance of a default under such borrowing, the interests of the limited partners can be subordinated to such Fund-level borrowing, and the lenders have the ability to call capital directly from the limited partners. Moreover, tax-exempt limited partners should note that the use of borrowings by the Fund has the potential to cause the realization of UBTI.

Industry Relationships. As with other private fund managers, as part of the Firm's business, the Firm, its affiliates and their respective employees have developed many relationships with third parties which have the potential to raise conflicts of interest. Such third parties include, but are not limited to, attorneys, administrators, lenders, investment bankers, consultants, restructuring advisors (such as attorneys and accountants), turnaround specialists, brokers and other service providers, private equity and hedge fund investors, former limited partners in funds sponsored by investment management firms at which the Firm's investment professionals were formerly employed, co-investors, and current and former directors, officers and employees of former portfolio companies. Certain of such third parties (or their affiliates) introduce investment opportunities to the Firm; arrange for, or facilitate the financing or recapitalization of potential portfolio companies or other portfolio companies; introduce portfolio companies to potential acquisition or merger candidates; facilitate the disposition of portfolio company securities or other portfolio companies; provide investment banking, consulting or advisory services to the Firm; invest in other funds managed by or otherwise affiliated with the Firm;

co-invest in portfolio companies or other portfolio companies; or provide other significant business, investment or other services to the Firm, the Funds or the portfolio companies. Such third parties receive direct commercial compensation from a portfolio company, the Funds or the Firm for providing these services, which compensation and services are intended to be on arm's length terms. Employees of the Firm also obtain personal financial and other services on an arm's length basis from banking institutions that also provide services to the Funds and their portfolio companies, including financing with respect to personal commitments to the Funds. The Firm seeks to assure that such transactions are conducted on an arm's length basis and at prevailing market rates and that service providers are chosen based on their ability to benefit the Funds and their portfolio companies. However, no guarantee can be made that such policies and procedures will prevent actions that are detrimental to the Funds.

Service Providers. Certain service providers (or their affiliates), including administrators, lenders, brokers, attorneys, consultants and investment banking firms, that the Firm has retained or sought to have retained for the Funds or their portfolio companies (or with respect to the Funds' portfolio companies therein) also have relationships with, or have provided goods or services to, the Firm, its affiliates or other organizations to which senior investment professionals of the Firm have been affiliated. The Firm will choose to engage or seek to have engaged the same service providers to provide services to the Funds, portfolio companies, the Firm or its affiliates. In some cases, these service providers provide services for one or more of these parties on terms (including on a fixed fee basis) that are different and more beneficial than those afforded to other of these parties. There can be no guarantee that a Fund or any of its portfolio companies will receive the most beneficial terms offered by any particular service provider. These services and relationships, or more favorable terms offered by service providers, will influence the Firm in deciding whether to select such a provider to perform services for the Funds or portfolio companies.

Potential Conflicts in Calculation and Allocation of Certain Fund Expenses. The Governing Documents provide that the Funds will be responsible for all costs and expenses in connection with their operation, other than the costs and expenses that will be the responsibility of the Firm or other third parties. To the extent possible, third-party expenses incurred in connection with consummated transactions will be borne by the respective portfolio companies. The Firm's out-of-pocket expenses are generally reimbursed by the applicable portfolio company or the Funds. A conflict of interest could arise in the Firm's determination of whether certain costs or expenses that are incurred in connection with the operation of a Fund meet the definition of partnership operational expenses for which a Fund is responsible, or whether such expenses should be borne by the Firm. The Fund will be reliant on the determinations of the Firm in this regard, and also in regard to the allocation of investment expenses and any common operating expenses as between the Fund and other funds advised by CapStreet. There can be no assurance that errors will not arise in such allocations.

Subject to any relevant restrictions or other limitations contained in the Governing Documents of each Fund, CapStreet will allocate fees and expenses in a manner that it believes in good faith is fair and equitable under the circumstances and considering such factors as it deems relevant, but in its sole

discretion. In exercising such discretion, CapStreet will be faced with a variety of potential conflicts of interest. As a general matter, expenses incurred on behalf of multiple Funds will be allocated among such Funds. Limited partners are typically allocated (or otherwise bear) their pro rata share of such fees and expenses, which are expected to be calculated based on capital commitments, invested capital, available capital, or other metrics as determined by CapStreet in its sole discretion and in accordance with CapStreet's policies and procedures regarding expense allocation. The allocations of such expenses may not be proportional.

CapStreet and its affiliates will from time to time incur fees, costs and expenses, including in connection with transactions not consummated, on behalf of the Funds. To the extent practicable, any fees, costs and expenses that are incurred in connection with a consummated investment will be charged to the applicable portfolio company. To the extent such fees, costs and expenses are not charged to a portfolio company, they will be paid by each Fund that participated or was expected to participate in such investment.

Some expenses are incurred on behalf of one Fund which have the potential to benefit other Funds. For example, information CapStreet obtains in connection with a Fund's research, due diligence and investment activities will be valuable to other Funds. Additionally, tools and resources developed at CapStreet's expense will be the intellectual property of CapStreet and not the Fund.

Intangible Benefits. CapStreet and CapStreet Personnel receive certain intangible and/or other benefits and/or perquisites arising or resulting from their activities on behalf of a Fund, including benefits and other discounts provided from service providers. For example, airline travel or hotel stays incurred as Fund expenses often result in "miles" or "points" or credit in loyalty/status programs to CapStreet and/or CapStreet Personnel, and such rewards and/or amounts will exclusively benefit CapStreet and/or such CapStreet Personnel and will not be subject to the offset arrangements described above or otherwise shared with such Fund, its limited partner, and/or the portfolio companies.

Item 9 – Disciplinary Information

Like other registered investment advisers, CapStreet is required to disclose all material facts regarding any legal or disciplinary events that would materially impact a limited partner's evaluation of CapStreet or the integrity of CapStreet's management. No events have occurred at CapStreet that are applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

Neither CapStreet nor any of its management persons are registered, or has an application pending to register, as a broker-dealer, futures commission merchant, commodity trading adviser, or a registered representative or associated person of the foregoing, and CapStreet does not anticipate such affiliations in the future. CapStreet GP V, L.P., the general partner of Fund V, qualifies, and has filed for, an exemption from registration as a commodity pool operator with the CFTC pursuant to Regulation 4.13(a)(3), due to its de minimis amount of commodity interest trading.

As described in Item 4, CapStreet is affiliated with the following entities as general partners: CapStreet GP III, L.P., CapStreet GP IV, L.P. and CapStreet GP V, L.P., which serve as general partners to the Funds, and with CapStreet Management, L.P., which has management agreements with certain of the Funds. Pursuant to relevant SEC guidance, these entities are deemed registered with the SEC under the Advisers Act pursuant to CapStreet's registration. These affiliated entities (i) operate as a single advisory business together with CapStreet, (ii) may share common ownership and officers and (iii) do not have employees of their own.

Except as noted above, CapStreet has no arrangements with a related person who is a broker-dealer, investment company, other investment adviser, financial planning firm, commodity pool operator, commodity trading adviser or futures commission merchant, banking or thrift institution, accounting firm, law firm, insurance company or agency, pension consultant, real estate broker or dealer, or an entity that creates or packages limited partnerships that are material to its advisory business or to the Funds, or their limited partners. CapStreet does not recommend or select other investment advisers for the Funds. CapStreet has and will continue to develop relationships with professionals who provide services it does not provide, including but not limited to: legal, accounting, banking, investment banking, tax preparation and insurance brokerage services. Some of these professionals provide services to the Funds or their portfolio companies. Additionally, some of these professionals are limited partners in CapStreet Funds, either personally or through their company.

From time to time, CapStreet receives training, information, promotional materials, meals, gifts, entertainment or prize drawings from vendors and others with whom it may do business or to whom it may make referrals. At no time will CapStreet accept any benefits, gifts, entertainment or other arrangements that are conditioned on directing individual client transactions to a specific security, product or provider. Similarly, CapStreet Personnel have in the past, and expect to in the future, speak at or attend conferences and programs for potential limited partners interested in investing in private funds and other events that are sponsored by various investment bankers, broker-dealers or others. Through such capital introduction and other events, prospective limited partners have the opportunity to meet with CapStreet. Neither CapStreet nor any Fund compensates these investment bankers, broker-dealers or others for organizing such events or for investments ultimately made by prospective limited partners attending such events.

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

Code of Ethics and Personal Trading

CapStreet has adopted a Code of Ethics in accordance with Section 206 of the Advisers Act and Rule 204A-1 under that Act (the "Code"). The Code provides for a high level of ethical conduct applicable to the Firm's partners and employees ("CapStreet Personnel") and obligates all CapStreet Personnel to put the interests of the Funds over their own. The purposes of the Code are to: (i) educate CapStreet Personnel about CapStreet's expectations regarding their conduct and the laws and principles governing their conduct; (ii) protect the Firm's Funds and Fund limited partners; (iii) instill

in CapStreet Personnel that they are fiduciaries, in a position of trust and must act with complete propriety and in the best interests of CapStreet's Funds and limited partners at all times; (iv) protect the interests of the Funds and limited partners by deterring misconduct by CapStreet Personnel ; (v) protect CapStreet's reputation; (vi) guard against violation of the federal securities laws, including through reporting of personal securities transactions as discussed in further detail below; and (vii) establish procedures for CapStreet Personnel to follow to assess compliance with the fiduciary and ethical principles espoused by the Code, such as with relation to acceptance of gifts and entertainment and outside business activities, among other topics. CapStreet's Chief Compliance Officer monitors compliance with the Code by reviewing required disclosures of CapStreet Personnel's personal securities accounts and transactions. Violation of the Code may result in sanctions as deemed appropriate by CapStreet's Chief Compliance Officer, including, but not limited to, a letter of censure, suspension or termination of the employment of the violator.

While unlikely, in the course of its investment management and other activities, CapStreet may come into possession of confidential or material non-public information about issuers, including issuers in which CapStreet or its related persons have invested or seek to invest. The Code includes procedures concerning "inside information" that are designed to prevent the misuse of material, non-public information. The Firm maintains a restricted list regarding issuers about whom it may have or may obtain material non-public information. Pre-clearance is required by CapStreet Personnel for certain personal securities transactions, including restricted list securities, initial public offerings and limited offerings. In addition, CapStreet Personnel are required to submit their brokerage account statements to the Chief Compliance Officer for review. CapStreet Personnel are required to certify to their compliance with the Code, which contains the insider trading policy, upon hire and on an annual basis.

CapStreet Personnel carry on investment activities for their own account and for family members, friends or others, and may give advice and recommend securities to vehicles which may differ from advice given to, or securities recommended or bought for, the Funds, even though their investment objectives may be the same or similar. In addition, CapStreet Personnel may buy securities in transactions offered to the Funds but rejected because they are not consistent with the Fund's investment objectives and guidelines. The investment policies, fee arrangements and other circumstances of these investments may vary from those of the Funds.

Potential or existing limited partners in CapStreet-sponsored Funds may request a copy of the Code by contacting CapStreet's Chief Compliance Officer, Mary Anne Capo, at (713) 332-2745 or by email at mcapo@capstreet.com.

Participation or Interest in Client Transactions

Certain CapStreet employees and their family members have invested in the Funds through their general partners and/or as limited partners. CapStreet generally reduces all or a portion of the Management Fee and Carried Interest related to investments held by such persons. Generally, CapStreet employees are not permitted to make personal investments in any Fund's portfolio companies.

Principal transactions occur when an adviser, acting as a principal for its own account, or the account of an affiliated broker-dealer, knowingly buys a security from, or sells a security to, the account of an advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated fund and another client account. The requirements on principal transactions imposed by Section 206(3) would apply to a cross trade involving any client account that was 25% or more owned by an adviser and its controlling persons. In the context of CapStreet's business, a principal transaction would most likely refer to the practice of warehousing an investment for the formation of a future fund or CapStreet or a Fund general partner purchasing the interest of an existing limited partner.

Agency cross transactions occur when an adviser, or any person controlling, controlled by, or under common control with such adviser, effects a transaction or acts as a broker for both an advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer. An adviser is not "acting as a broker" within the meaning of Section 206(3), if the adviser receives no compensation beyond the advisory fee it stands to receive in the ordinary course of managing the assets of such limited partner, for effecting a particular agency cross transaction between advisory clients and therefore is not considered to be conducting an agency cross transaction under Section 206(3) of the Advisers Act. In the context of CapStreet's business, an agency cross transaction occurs when selling a portfolio company, investment or other asset from one Fund to another.

When CapStreet recommends a principal transaction or agency cross transaction, it does so only after: (i) the Firm has determined the transaction to be in the best interest of the participating Fund(s); (ii) the transaction is permitted by the relevant Governing Documents; (iii) proper disclosure is given to the relevant general partner, advisory board or limited partners, as appropriate; (iv) consent is obtained from the appropriate parties; and (v) the Firm ensures that best execution is achieved for the transaction.

Item 12 – Brokerage Practices

Generally, CapStreet focuses on securities transactions of private companies and purchases and sells companies through privately negotiated transactions. In such privately negotiated transactions, best execution is met by the consummation of the deal with the best possible terms for the Fund. In pursuit of best execution in both privately negotiated or publicly traded transactions, CapStreet may engage the services of a broker-dealer or investment banker for either the purchase or sale of an investment. Selection of a broker-dealer or investment banker will be based on CapStreet's best judgement of who can provide best execution, taking into consideration a variety of factors, including: CapStreet's prior experience with the broker-dealer or investment banker; the broker-dealer or investment banker's execution capability, financial responsibility, reputation and expertise within the industry; the broker-dealer or investment banker's responsiveness to CapStreet; the broker-dealer or investment banker's expertise in dealing with investments that may be restrictive or illiquid in nature;

the type and size of the transaction involved; the value of any research services provided; and commission rates, among other factors CapStreet deems relevant to the specific transaction.

Although CapStreet generally seeks competitive commission rates, it may not necessarily pay the lowest commission or commission equivalent, especially in private securities transactions that rely heavily on the specialty services or experience of a broker-dealer or investment banker that operate outside of a competitive bidding environment. Transactions that involve such specialized services on the part of the broker-dealer or investment banker may thereby entail higher commissions or their equivalents than would be the case with other transactions requiring more routine services.

CapStreet does not pay or receive soft dollars, does not pay or receive fees for limited partner referrals, does not direct brokerage or advise limited partners on doing so. In the event CapStreet were to aggregate the purchase or sale of securities for client accounts, it would do so on a pro rata basis.

Item 13 – Review of Accounts

The investments made by the Funds are generally private, illiquid, and long-term in nature. Accordingly, CapStreet’s review process is not normally focused on a short-term decision to dispose of securities. Decisions as to when to purchase or sell a portfolio company are made by the relevant Investment Committee and a team of CapStreet investment professionals maintains ongoing oversight of each Fund’s investments as outlined below.

Oversight and Monitoring

CapStreet works closely with its portfolio companies’ management teams and Boards of Directors to develop and set the strategic and operational direction of each portfolio company. Utilizing the complementary backgrounds of its investment team, CapStreet begins with an overall investment thesis, and then, in conjunction with management, develops detailed company goals and objectives.

The Investment Committee meets several times annually to review all the current portfolio company investments in detail, including the historical and forecasted operating results and strategic priorities of each. In addition, the Investment Committee discusses issues related to portfolio company investments in connection with its regularly scheduled weekly meetings or in specially-scheduled meetings when specific relevant issues arise. Performance is measured on a quarterly and annual basis, and a portfolio company’s operating strategy is adjusted when appropriate.

Reporting

Limited partners in the Funds receive: (i) annual financial statements audited in accordance with U.S. generally accepted accounting principles (“GAAP”), within 105 days of the fiscal year end of each Fund (ii) quarterly unaudited financial statements and descriptive investment information for each portfolio company within 45 days of each interim quarter-end and (iii) annual tax information

necessary for the completion of tax returns (K-1s). CapStreet may from time to time, in its sole discretion, provide additional information regarding a Fund to individual limited partners or to limited partners as a group. In addition, CapStreet holds annual meetings of limited partners of the Funds to review and discuss each Fund's investment activities. All reports are written and provided to limited partners.

In the course of conducting due diligence or otherwise, potential limited partners periodically request information pertaining to their investments. CapStreet responds to these requests, and in answering these requests provides information that is not generally made available to other potential limited partners or existing limited partners who have not requested such information. While CapStreet does not have an obligation to update any such information provided, the Firm endeavors to provide the information requested in the most current form available. Additionally, upon request, certain limited partners may receive additional information and reporting that other limited partners may not receive.

Item 14 – Client Referrals and Other Compensation

As discussed in Item 5, CapStreet is entitled to receive transaction fees, directors' fees, monitoring fees, break-up fees, advisory fees, and other similar fees from each Fund's portfolio companies. These fees are paid pursuant to separate agreements entered into with the portfolio companies to provide certain consulting services that CapStreet believes will ultimately enhance the value of the companies and benefit the Funds and their limited partners. These types of fee arrangements present potential conflicts of interest and provide CapStreet with an incentive to recommend investments based on compensation received rather than the best interests of the Funds. To help mitigate this potential conflict, such benefits received by CapStreet or its employees in connection with services rendered to portfolio companies or transactions of the Funds are partially or fully offset against the Management Fee payable by the Funds. Please see the relevant Governing Documents for a description of how these fees may reduce the Management Fee.

CapStreet did not engage the services of a placement agent for the fundraising of its most recent Fund, Fund V.

Item 15 – Custody

The Advisers Act Rule 206(4) (the "Custody Rule") requires that a pooled investment vehicle advised by an investment adviser either undergoes an annual audit of its financial statements prepared in accordance with GAAP by an independent public accountant registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board ("PCAOB"), or be subject to an annual surprise custody examination also by a PCAOB-registered and inspected independent public accountant. Because of its affiliation with each Fund's general partner and the general partners' ability to deduct fees from Fund accounts, CapStreet or an affiliate is deemed to have custody over each Fund's assets. To comply with the Custody Rule, CapStreet has elected to undergo annual GAAP financial audits for each of its Funds by a PCAOB-registered and inspected auditing firm. The Funds are audited annually and CapStreet delivers to the Funds and their limited partners a copy of the annual

audited financial statements according to the Fund limited partnership agreement within 105 days of the fiscal year-end (but in no event later than the 120 days required by the Custody Rule). In addition, upon the final liquidation of a Fund, CapStreet will obtain a final audit and distribute audited financial statements prepared in accordance with GAAP with respect to such Fund to all underlying limited partners promptly upon completion of the audit. Limited partners in the Funds are encouraged to carefully review such financial statements.

CapStreet does not accept physical possession of Fund cash or securities (other than certain privately offered securities to the extent permitted by the Advisers Act); cash and securities, if applicable, are held by the Firm's qualified custodians and called capital is directly sent or wired into the respective Fund's bank account. CapStreet receives monthly or quarterly, as applicable, statements from each of its qualified custodians on behalf of the Funds. For more information about CapStreet's qualified custodians, please see Form ADV Part 1, Schedule D, Section 7.B.(1).

Item 16 – Investment Discretion

CapStreet is retained on a fully discretionary basis and is authorized to determine and direct execution of portfolio transactions pursuant to the terms of each Fund's Governing Documents. Investment advice is provided by CapStreet directly to the Funds and not individually to the limited partners in the Funds and is subject to the investment restrictions as set forth in each Fund's Governing Documents. CapStreet and its general partners have discretionary authority based on the Governing Documents of each Fund to buy and sell securities or other investments on behalf of the Funds and to determine the amount of such investments to be bought and sold.

To become a limited partner in a CapStreet Fund, a limited partner must execute, among other documents, a subscription agreement and a limited partnership agreement (or similar agreement) with such Fund. Such Governing Documents generally contain a power of attorney that grants CapStreet or the applicable Fund's general partner certain powers related to the orderly administration of the affairs of the Funds. CapStreet is not required to contact a limited partner prior to transacting any business once a limited partner executes these documents.

A limited partner in a Fund can seek to impose limitations on CapStreet's authority through a side letter agreement and the Firm may choose to accept reasonable limitations or restrictions at its discretion. All limitations and restrictions placed upon a limited partner's investment must be presented to CapStreet in writing and agreed to by CapStreet and such limited partner.

Item 17 – Voting Client Securities

By virtue of each Fund's Governing Documents, CapStreet has the authority to vote client proxy statements on behalf of its Funds. The majority of "proxies" received by CapStreet will be written shareholder consents or similar instruments for private companies in which the Funds have investments. As such, CapStreet has adopted proxy voting policies and procedures pursuant to Advisers Act Rule 206(4)-6. CapStreet's proxy voting policy seeks to ensure that proxies are voted in

the best interest of the Funds, including where there are material conflicts of interest in voting proxies. The guiding principle by which CapStreet votes all proxies is the maximization of the ultimate long-term economic value of the relevant Fund holdings. CapStreet does not permit proxy voting decisions to be influenced in any manner that is contrary to this guiding principle.

CapStreet generally believes its interests are aligned with those of each Fund's limited partners through the principals' beneficial ownership interests in the Funds. In the event that there is or may be a conflict of interest in voting proxies, CapStreet's proxy voting policy provides that the Firm may address the conflict using several alternatives, including by seeking the approval or concurrence of an advisory board on the proposed proxy vote, or through other alternatives as set forth in CapStreet's proxy voting policy. Limited partners in the Funds cannot direct how CapStreet votes proxies or shareholder consents nor is CapStreet required to seek limited partner approval or direction when voting proxies or when giving consent on any matter requiring the consent of shareholders. CapStreet's Chief Compliance Officer has the responsibility to monitor votes for any conflicts of interest and to use her best judgment to address any such conflict of interest and ensure that it is resolved in accordance with her independent assessment of the best interests of each Fund.

Firm principals, Operating Executive and/or affiliated or unaffiliated third parties appointed by CapStreet often sit on the boards of portfolio companies and, as such, exercise authority with respect to various issues faced by the portfolio companies. CapStreet does not consider service on portfolio company boards by CapStreet Personnel and such third parties to create a material conflict of interest in voting proxies with respect to such companies.

Copies of relevant proxy records identifying how proxies were voted and copies of proxy voting policies are available to any Fund or limited partner therein upon written request to: Mary Anne Capo, Chief Compliance Officer, The CapStreet Group, 1001 Louisiana Street, Suite 3200, Houston, TX 77002.

Item 18 – Financial Information

Registered investment advisers may be required in this Item 18 to provide certain financial information or disclosures about their financial condition. CapStreet (i) does not require prepayment of more than \$1,200 in fees per client, six months or more in advance, (ii) has no financial condition that impairs its ability to meet contractual commitments to limited partners, and (iii) has not been the subject of a bankruptcy petition; therefore, no disclosures are required.