

ITEM 1 – COVER PAGE



**FORM ADV 2A
INVESTMENT ADVISER BROCHURE**

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This Investment Adviser Brochure (“Brochure”) provides information about the qualifications and business practices of Serent Capital Management Company, L.L.C. (“SCMC”). If you have any questions about the contents of this Brochure, please contact us at (415) 343-1050. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state authority.

SCMC is an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”). However, such registration does not imply a certain level of skill or training.

Additional information regarding SCMC is also available on the SEC’s website at www.adviserinfo.sec.gov.

ITEM 2 - MATERIAL CHANGES

This Brochure (the “Brochure”) is the annual update and replaces the last version of Serent Capital Management Company, L.L.C.’s (“SCMC”) Brochure dated February 7, 2020. There have been no material changes since the last update.

ITEM 3 – TABLE OF CONTENTS

ITEM 1 – COVER PAGE	1
ITEM 2 - MATERIAL CHANGES.....	2
ITEM 3 – TABLE OF CONTENTS.....	3
ITEM 4 - ADVISORY BUSINESS.....	4
ITEM 5 - FEES AND COMPENSATION.....	6
ITEM 6 - PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT	10
ITEM 7 - TYPES OF CLIENTS	11
ITEM 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS	11
ITEM 9 - DISCIPLINARY INFORMATION	24
ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS	24
ITEM 11 - CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING.....	24
ITEM 12 - BROKERAGE PRACTICES	25
ITEM 13 - REVIEW OF ACCOUNTS.....	26
ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION	26
ITEM 17 - VOTING CLIENT SECURITIES.....	27
ITEM 18 - FINANCIAL INFORMATION	27

ITEM 4 - ADVISORY BUSINESS

SCMC, a Delaware limited liability company and a registered investment adviser, provides investment advisory services to investment funds privately offered to qualified investors in the United States and elsewhere. SCMC commenced operations in March 2008.

SCMC's clients include the following (each, a "**Serent Capital Fund**," together with any parallel and alternative investment vehicles, the "**Serent Capital Funds**,"):

- Serent Capital, L.P.;
- Serent Capital II, L.P.;
- Serent Capital III, L.P.;
- Serent Capital IV, L.P.;
- Serent Capital Associates, L.P.;
- Serent Capital Associates-A, L.P.
- Serent Capital Associates II, L.P.;
- Serent Capital Associates III, L.P.;
- Serent Capital Associates IV, L.P.

The Serent Capital Funds are not registered under the Investment Company Act of 1940, as amended (the "Investment Company Act"), and the securities of the Serent Capital Funds are not registered under the Securities Act of 1933, as amended (the "Securities Act").

The following entities are affiliated general partner entities to the above Serent Capital Funds:

- Serent Capital Partners, L.L.C.;
- Serent Capital Partners II, L.L.C.;
- Serent Capital Partners III, L.P.; and
- Serent Capital Partners IV, L.P.

(Each, a "**General Partner**" and together with SCMC and their affiliated entities "**Serent Capital**"). Each of the General Partners is a related person of SCMC and is under common control with SCMC. While each General Partner retains management authority over the business and affairs, including investment decisions, of its respective Serent Capital Fund, SCMC has been delegated the role of investment adviser. The General Partners and their employees and

personnel will be subject to the Investment Advisers Act of 1940 (the “Advisers Act”) and rules thereunder, and to all of SCMC’s compliance policies and procedures. Each of the personnel of the General Partners acting on its behalf will be deemed “persons associated with” SCMC (as that term is defined in section 202(a)(17) of the Advisers Act) and will be subject to SEC examination. As such, references to SCMC in this Brochure should also be considered references to the General Partners (and vice versa) in the appropriate context.

The principal owners of SCMC are Kevin Frick and David Kennedy (collectively, the “**Principals**”).

Each Serent Capital Fund is governed by a limited partnership agreement (each, a “**Partnership Agreement**”) that specifies the specific investment guidelines and investment restrictions applicable to the Serent Capital Fund. In certain cases, the private placement memoranda or disclosure memoranda (herein “private placement memorandum”) prepared for the investors of the Serent Capital Funds also contain information regarding the intended investment program for such Serent Capital Fund. SCMC, together with the General Partners, provides investment management and administrative services to the Serent Capital Funds in accordance with the applicable Partnership Agreements, private placement memorandum and other offering materials.

The investors in the Serent Capital Funds (“**Investors**”) are primarily “qualified purchasers” (as defined in the Investment Company Act) and/or “accredited investors” (as defined in Regulation D under the Securities Act). SCMC generally has broad and flexible investment authority with respect to the Serent Capital Funds, the parameters of which are outlined within the applicable Partnership Agreement. Each Serent Capital Fund’s investment objective and strategy is set forth in a Partnership Agreement and confidential private placement memorandum. All Investors in the Serent Capital Funds are provided with a Partnership Agreement and confidential private placement memorandum prior to subscription and are urged to carefully review those documents.

The Serent Capital Funds are private equity funds and invest through negotiated transactions in operating entities, generally referred to herein as “portfolio companies.” SCMC’s investment advisory services to the Serent Capital Funds consist of identifying and evaluating investment opportunities, negotiating the terms of investments, managing and monitoring investments and achieving dispositions for such investments. Investments are made predominantly in non-public companies. Where such investments consist of portfolio companies, the senior principals or other personnel of SCMC or its affiliates generally serve on such portfolio companies’ respective boards of directors or otherwise act to influence control over management of portfolio companies in which the Serent Capital Funds have invested.

Investors in Serent Capital Funds participate in the overall investment program for the applicable fund, but may be excused from a particular investment due to legal, regulatory or other agreed-upon circumstances pursuant to the relevant Partnership Agreement. The Serent Capital Funds or the General Partners have the authorities to enter into side letters or other similar agreements (“**Side Letters**”) with certain investors that have the effect of establishing rights under, altering or supplementing the terms of the Partnership Agreements. However, to date the Side Letters have generally been limited to most favored nation provisions, Investor reporting rights, co-investment acknowledgements, and advisory board representation and have

not altered fee structures, information rights, , and liquidity rights.

Additionally, Serent Capital provides parallel investment vehicles for certain strategic business partners, other strategic associates, certain affiliates and qualified Serent Capital personnel (“**Associates Funds**”). The Associates Funds invest pari passu based on capital commitments with Serent Capital, LP, Serent Capital II, LP, Serent Capital III, LP, and Serent Capital IV, LP (“**Main Funds**”). Serent Capital Funds’ Partnership Agreements provide that Serent may provide (or agrees to provide) co-investment opportunities (including the opportunity to participate in co-invest vehicles) to certain investors or other persons, including other sponsors, market participants, finders, consultants and other service providers and/or certain other persons associated with Serent Capital and/or its affiliates. It is expected that co-investment would involve investment and disposal of interests in the applicable portfolio company at the same time and on the same terms as the Serent Capital Fund making the investment. However, in limited circumstances, a co-investor may purchase a portion of an investment from a Serent Capital Fund after such Serent Capital Fund has consummated its investment in the portfolio company (also known as a post-closing sell-down or transfer). Any such purchase from a Serent Capital Fund by a co-investor generally occurs shortly after the Serent Capital Fund’s completion of the investment to avoid any changes in valuation of the investment, and the co-investor may be charged interest on the purchase to compensate such Serent Capital Fund for the holding period, and generally will be required to reimburse such relevant Serent Capital Fund for related costs.

As of December 31, 2019, SCMC managed approximately \$1.46 billion in client regulatory assets on a discretionary basis. SCMC does not manage regulatory assets on a non-discretionary basis.

ITEM 5 - FEES AND COMPENSATION

In general, SCMC receives a management fee and one of its affiliates, such as the General Partner, typically receives a carried interest in connection with advisory services. If SCMC receives any additional compensation in connection with management and other services performed for portfolio companies of Serent Capital Funds, except as discussed below, 100% of such additional compensation will offset the management fees otherwise payable to SCMC. Investors in the Serent Capital Funds also bear certain fund expenses discussed below.

Management Fees

Each of the Serent Capital Funds pay SCMC a management fee (the “**Management Fee**”) based upon a percentage of such Serent Capital Fund’s investor capital commitments (“**Commitments**”), subject to certain reductions, as more fully described in the Partnership Agreement of the Serent Capital Fund. Main Fund Management Fees applicable to Investors are paid quarterly in advance to SCMC and range from 2.00% - 3.00% of committed capital per annum. The Associates Funds’ management fees are reduced by 50% of Main Fund.

As permitted under each Serent Capital Fund’s Partnership Agreement, Management Fees and/or carried interest (and related distributions) may be (and have been) waived and/or reduced at the discretion of SCMC. Management Fees are typically reduced by an amount equal to one-half of the capital contributions the General Partners would otherwise be required to

contribute to the respective Serent Capital Fund, either in its capacity as General Partner of the partnership or in its capacity as the holder of limited partner interests in the Serent Capital Fund, if any. The limited partners of the Serent Capital Funds may be required to make a pro rata contribution according to their respective Commitments to fund any contribution that would otherwise be required of the General Partner in connection with any such waiver or reduction as described above and, as a result, may result in an acceleration of investor capital contributions and a corresponding decrease in Management Fees paid.

Carried Interest Allocation

An affiliate of SCMC, such as the respective General Partner, will receive a carried interest allocation with respect to the Serent Capital Main and Associates Funds, generally equal to 20% and 10%, respectively, of all realized profits, subject to an increasing amount once a specified return has been achieved (as more fully described in the Partnership Agreement of each Serent Capital Fund). The carried interest allocation is distributed to the General Partner is subject to a potential giveback at the end of life of a Serent Capital Fund if the General Partner has received excess cumulative distributions.

It is expected that any future Serent Capital Funds will have a similar fee structure.

Further disclosure and conflicts surrounding the carried interest allocation as a performance-based fee is detailed in Item 6 of this Brochure.

Waiver and Other Compensation Arrangements

As discussed above, SCMC exempts certain investors (including employees) in Serent Capital Funds from payment of all or a portion of Management Fees and/or carried interest, including SCMC and any other person designated by SCMC, such as affiliated personnel. As discussed above, the Associates Funds have reduced management fees and reduced carried interest allocations.

The Serent Capital Funds generally invest on a long-term basis. Accordingly, investment advisory and other fees are expected to be paid, except as otherwise described in the applicable Partnership Agreement, over the term of a Serent Capital Fund and investors generally are not permitted to withdraw or redeem interests in a Serent Capital Funds, unless an exception is approved by the General Partner.

Principals and other current or former employees of Serent Capital receive a portion of the carried interest received through general partner interests. As further discussed in Item 6 of this Brochure this can create a conflict of interest.

As stated above, the management fees will be reduced by 100% of transaction fees paid to SCMC in connection with Serent Capital Fund investments. Transaction fees are defined in the governing documents, but would include: (i) directors' fees, financial consulting fees, or advisory fees; (ii) transaction fees; and (iii) break-up fees with respect to Serent Capital Fund transactions not completed that are paid to Serent. However, compensation paid to SCMC employees who are permanently or temporarily seconded to a portfolio company in a bona fide management or consulting capacity is excluded from the categories of fees and income that generates such management fee offsets. This is a potential conflict that SCMC may receive a potential benefit in the form of a reduction in overhead and salary and employment benefits it

otherwise would have to pay for these employees. For example, Serent's Growth team employees are engaged to drive value creation initiatives at one or more portfolio companies identified through Serent's diligence. Growth team members may eventually be seconded by portfolio companies to serve in management capacities as officers of Serent Capital Fund portfolio companies. Once seconded, these individuals perform valuable services to the portfolio companies and in return receive compensation that is believed to be reasonable and generally at market rates for the relevant services provided. However, because these individuals perform roles with companies which would otherwise require the companies to hire outside professionals, the compensation that these individuals receive is properly characterized as part of the companies' normal operating expenses and is not treated as fee income to Serent or its affiliates and, consequently, does not generate any management fee offset. Further details concerning the circumstances under which these and other types of fees and compensation are (or are not) deemed to trigger a management fee offset are set forth in the governing documents for the relevant SCMC Funds.

In accordance with Partnership Agreements, SCMC may (and does) charge portfolio companies a "recruitment fee" to offset recruiter expenses to replace Growth team members that have been permanently employed by portfolio companies. Unless the recruitment fee is in excess of 35%, such recruitment fees are not offset against management fees. SCMC has procedures to ensure that any recruitment fees are believed to be market rate. In addition, SCMC reports on an annual basis the general amount of recruitment fees to the fund advisory board(s).

From time to time, certain Strategic Investors that are limited partners in the Associates Funds may provide deal due diligence or serve as consultants, advisers/board members, or employees of portfolio companies. Any compensation (including without limitation, salaries, additional investment rights and similar cash and non-cash compensation and incentives) received, directly or indirectly, by such limited partners in respect of such portfolio companies will not reduce the management fee otherwise payable by a Serent Capital Fund to SCMC and will typically be borne by the portfolio companies. Therefore, all or a portion of such amounts will indirectly be borne by a fund and not by SCMC via the fund's ownership interest in such portfolio company. This subjects SCMC to conflicts of interest because although SCMC selects service providers that it believes are aligned with its operational strategies and will enhance portfolio company performance and, relatedly, returns of the relevant Serent Capital Fund, SCMC may have an incentive to recommend a person because of its financial or other business interest. There is a possibility that SCMC, because of such belief or for other reasons (including whether the use of such persons could establish, recognize, strengthen and/or cultivate relationships that have the potential to provide longer-term benefits to the relevant Serent Capital Funds or SCMC), may favor such retention or continuation even if a better price and/or quality of service could be obtained from another person. Whether or not SCMC has a relationship or receives financial or other benefit from recommending a particular service provider, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

Expenses

In addition to the Management Fee and carried interest payable to SCMC and/or its affiliates, the Serent Capital Funds bear certain expenses. As set forth in each Serent Capital Fund's Partnership Agreement and/or confidential private placement memorandum, a Serent

Capital Fund bears all expenses relating to the Serent Capital Fund's activities, investments and business to the extent not reimbursed by a portfolio company, including costs and expenses attributable to structuring, organizing, acquiring, managing, operating, holding, valuing, winding up, liquidating, dissolving and disposing of such Serent Capital Fund's investments, reasonable private placement and finder's fees, real property or personal property taxes on investments, travel expenses (including, where appropriate, meal and entertainment expenses relating to portfolio company due diligence and monitoring and may include business class airfare), brokerage fees, taxes applicable to the Serent Capital Fund on account of its operations, fees incurred in connection with the maintenance of bank or custodian accounts, legal, audit and other expenses incurred in connection with the registration of the Serent Capital Fund's portfolio securities under the Securities Act, as amended, legal and accounting fees (including fund administration expenses) and expenses incurred in connection with the purchase, sale, exchange or other disposition of securities (whether or not such purchase, sale, exchange or other disposition is ultimately consummated (including such expenses relating to transactions that have been offered to co-investors)), fees and expenses for Serent Capital Fund's Services Program (defined below), fees and expenses of investment advisers and independent consultants, independent certified public accountant fees incurred in connection with the annual audit of the Serent Capital Fund's books and the preparation of the Serent Capital Fund's annual tax return, costs of independent appraisers, legal expenses of the Serent Capital Fund, premiums associated with insurance, preparation and other expenses associated with annual and other reports, costs associated with any Serent Capital Fund annual investor information meetings and portfolio company Summit Events, expenses of the advisory board meetings and reimbursement of reasonable out-of-pocket costs for the advisory board members and the General Partner to attend such meetings, and all expenses that are not normal administrative and overhead expenses (such as compensation of employees, rent and expenditures for equipment used by SCMC and its affiliates which are SCMC expenses), including all legal fees and expenses incurred in prosecuting or defending administrative or legal proceedings relating to the Serent Capital Fund brought by or against the Serent Capital Fund, SCMC, the General Partner, or their current or former members, partners, employees or agents. As is typical for private equity funds, the Serent Capital Funds likely bear additional and greater expenses, directly or indirectly, than many other pooled investment products, such as mutual funds. Brokerage fees may be incurred in accordance with the practices set forth in Item 12, below.

The "Services Program" means certain in-house administrative, accounting, finance, legal, compliance, leverage purchasing or other similar services provided to the Serent Capital Funds and/or portfolio companies by employees of the SCMC. The fees, costs and expenses, including, without limitation, compensation and other overhead, for such in-house services are a Serent Capital Fund expense as allocated by the SCMC in good faith discretion (and based on such metric as SCMC determines in good faith (which metric may change over time)), which amounts shall not be treated as Transaction Fees. For purposes of this definition, "compliance" includes fees, costs and expenses related to the maintenance of SCMC and relying advisers' status as a registered investment adviser under the Investment Advisers Act (including Form ADV filing), any related examination by the U.S. Securities and Exchange Commission and ongoing compliance with the Investment Advisers Act and related U.S. federal or state or non-U.S. governmental or self-regulatory organization laws, rules or regulations that require the SCMC and relying advisers to obtain or maintain a license, apply for, or otherwise rely upon, an exemption or otherwise be regulated in order to control or manage the affairs of the Serent Capital Funds (including the costs of any compliance consultants, legal counsel and similar

service providers and the costs of any programs or software utilized by the SCMC in connection with such matters); provided that the Serent Capital Funds shall only bear its ratable share of such fees, costs and expenses based on total assets under management of it and any other investment vehicle that shares in such costs, fees and expenses.

As described above, the relevant General Partner has authorities to permit certain investors to co-invest in portfolio companies alongside one or more Serent Capital Funds, subject to SCMC's related policies and the relevant Partnership Agreement(s) and/or Side Letter(s). Where a co-invest vehicle is formed, such entity will bear expenses related to its formation and operation, many of which are similar in nature to those borne by the Serent Capital Funds. In the event that a transaction in which a co-investment was planned, including a transaction for which a co-investment was believed necessary in order to consummate such transaction, ultimately is not consummated, all broken deal expenses relating to such unconsummated transaction will be borne by the Serent Capital Fund(s), and not by any prospective co-investors, that were to have participated in such transaction. The Main Funds and Associates Funds incur broken deal expenses pro rata based on capital commitments.

At times, service providers are expected to perform services pertaining to multiple Serent Capital Funds or related entities. In such instances, SCMC will allocate the total expense to multiple entities, including a Serent Capital Fund(s), pro rata or using what it believes to be a fair and equitable allocation methodology, in accordance with SCMC's expense allocation procedures.

Deduction of Fees and Expenses

SCMC, or the General Partners, deduct fees and expenses applicable to the appropriate Serent Capital Fund directly from the Serent Capital Fund's assets. Investors do not have the ability to choose to be billed directly for fees incurred.

It is important that Investors refer to the relevant confidential private placement memorandum and/or Partnership Agreement for a complete understanding of how fees are paid to SCMC and what expenses they may pay through an investment in the Serent Capital Funds. The information contained herein is a summary only and is qualified in its entirety by such documents.

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

As described under Item 5 - Fees and Compensation, affiliates of SCMC typically receive a carried interest allocation on certain realized profits in each Serent Capital Fund. All Serent Capital Funds are subject to a carried interest allocation, although SCMC and the relevant General Partner may waive any carried interest allocation with respect to certain affiliated partners as described under Item 5 - Fees and Compensation. In addition, the Associates Funds pay reduced carried interest which creates an incentive to prioritize investments for the Main Funds. However, to mitigate the conflict, all investments and related expenses are allocated pro rata between Main Funds and Associate Funds typically based on committed capital.

The existence of performance-based compensation has the potential to create an incentive

for the General Partner to make more speculative investments on behalf of a Serent Capital Fund than it would otherwise make in the absence of such arrangement, although SCMC generally considers performance-based compensation to better align its interests with those of its investors.

ITEM 7 - TYPES OF CLIENTS

SCMC provides investment advice to the Serent Capital Funds as described in Item 4 – Advisory Business, above. The Investors may include individuals, banks or thrift institutions, other investment entities, university endowments, sovereign wealth funds, family offices, pension and profit-sharing plans, trusts, estates or charitable organizations or other corporations or business entities and may include, directly or indirectly, principals or other employees of SCMC and its affiliates and members of their families or other service providers (e.g., Strategic Investors in the Associates Funds) retained by SCMC.

Each Serent Capital Fund generally has a minimum investment amount between \$10,000 - \$1,000,000 for third-party Investors, and the Serent Capital Fund interests are generally offered and sold solely to those Investors meeting certain suitability requirements. Interests in the Associates Funds of the Serent Capital Funds are offered to accredited investors who are also qualified clients (or qualified knowledgeable Serent Capital personnel). Interests in the Main Funds are offered to Qualified Purchasers (or qualified knowledgeable Serent Capital personnel). Such minimum investment amount may be waived by SCMC.

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

General

SCMC focuses on making control investments in private companies that demonstrate the potential for profit and rapidly expanding services. SCMC's investment advisory services consist of identifying investment opportunities, negotiating the terms of such investments, managing and monitoring investments, and achieving dispositions for investments. Although investments are predominantly in non-public companies, investments in public companies are permitted by the Serent Capital Funds' limited Partnership Agreements.

There can be no assurance that SCMC will achieve the investment objectives of any Serent Capital Fund and a loss of investment is possible.

Investment Strategy

SCMC's strategy is principally to make controlling investments in growing, profitable services companies and to help those companies drive EBITDA growth primarily by driving revenue growth. SCMC believes that entrepreneurs who have founded companies and grown them to sizable ventures often need assistance to realize the full value of their companies. SCMC targets companies at this stage, where it believes augmentation of business building capabilities offers the greatest potential for future returns.

SCMC usually invests in businesses operating in growing markets and in businesses with

scalable business models. While SCMC has a series of verticals in which it focuses (*e.g.*, healthcare services, financial services, media, education, public sector, and professional services), the specific sub-vertical focus will change over time as market trends evolve. In all cases, SCMC is looking for growing sectors with a fair degree of dislocation, creating opportunities for new businesses to emerge. SCMC considers investments that meet its criteria anywhere in North America.

SCMC takes control positions in investments with some or all of the following financial characteristics:

- annual revenue of \$5 million to \$100 million;
- returns on invested capital of 20% or more; and
- growth potential of 10% or more.

Operating Strategy

SCMC's operating model encompasses business building, sourcing, deal execution and liquidity.

Business Building. SCMC assists portfolio companies in developing their businesses in several ways, including (a) seeking to grow revenue by designing, refining, and implementing improved sales and marketing plans; (b) providing operational planning and support to address business growth and challenges; (c) building management teams by assisting CEOs in assessing personnel needs, interviewing key candidates and sourcing qualified candidates in seeking to achieve the growth potential of the businesses; and (d) providing financing to permit the businesses to grow.

Sourcing. SCMC sources from what it believes are the less efficient parts of the market, including:

- *Balancing top-down analysis with opportunism.* SCMC conducts top-down analysis to identify attractive spaces marked by high growth and high dislocation. SCMC also believes, however, that investing in superior business models is more important than artificial sector limitations. Hence, SCMC occasionally strays from its target verticals to invest in business models that it finds compelling.
- *Primary sourcing.* SCMC seeks to leverage in-house and other resources to identify and generate investment opportunities, which includes an extensive River Guide (*e.g.*, Strategic Investors) and Executive Networks. River Guides and Executive Network persons may also be investors in the Associates Funds.
- *Intermediaries.* SCMC works to build strong professional relationships with intermediaries. This approach requires SCMC to be rapid and transparent in its interactions and to work with intermediaries to help entrepreneurs understand how professional investors can help their business. SCMC actively works to develop relationships with large, national intermediaries, as well as regional intermediaries

who have privileged relationships with entrepreneurs interested in seeking to exit or seeking a credible value proposition.

Deal execution. SCMC seeks to apply the analytical rigor of large scale buyouts to the small buyout market. In addition to this thorough diligence, SCMC has deal structuring expertise to ensure an alignment of interests with the sellers and to ensure properly leveraged equity capital.

Liquidity. The hold periods for SCMC's investments are longer than for the typical buyout firm on account of SCMC's focus on growth.

As a general matter, SCMC utilizes the methods of analysis and investment strategies described in the relevant Partnership Agreement provided to all Investors prior to the time of an investment. The information contained herein is a summary only and Investors and prospective Investors should refer to the respective Partnership Agreement for a complete overview of SCMC's methods of analysis and investment strategies.

An investment in the Serent Capital Funds involves a significant degree of risk. There can be no assurance that the Serent Capital Funds' targeted rate of return will be achieved or that there will be any return of capital. The environment for private equity investments is increasingly competitive and an Investor should only invest in the Serent Capital Funds if the Investor can withstand the liquidity constraints of an investment in the Serent Capital Fund and a total loss of its investment.

No guarantee or representation is made that the Serent Capital Funds' investment program will be successful.

Investors and prospective Investors are provided with a Partnership Agreement and confidential private placement memorandum which contains a detailed description of the material risks related to an investment in the Serent Capital Funds, and are advised to carefully review all risk factors set forth in the relevant confidential private placement memorandum.

Risks of Investment

The Serent Capital Funds and their investors bear the risk of loss that SCMC's investment strategy entails. The risks involved with SCMC's investment strategy and an investment in either of the Serent Capital Funds include, but are not limited to:

Competition for investments. The Serent Capital Funds compete with other entities for the acquisition of investments. Such competition may come from groups such as institutional investors, investment managers, operating companies, and merchant banks that have greater resources than the Serent Capital Funds and are owned by large and well-capitalized investors. There may be intense competition for investments of the type in which the Serent Capital Funds intend to invest, and such competition may result in less favorable investment terms than would otherwise be the case. The Serent Capital Funds may be unable to find a sufficient number of attractive opportunities to meet their investment objectives. There can, therefore, be no assurance that investments of the Serent Capital Funds will meet all the Serent Capital Funds' investment objectives, or that the Serent Capital Funds will be able to invest all of their available capital.

Long-term and illiquid investment within the Serent Capital Funds. An investment in the Serent Capital Funds is a long-term commitment. Interests in the Serent Capital Funds are highly illiquid and have no public market value. No secondary market for the interests exists, and no such market will be established or supported by SCMC. Furthermore, the sale or transfer of interests is subject to approval of the relevant General Partner and other restrictions contained in each Serent Capital Fund's Partnership Agreement. Consequently, limited partners may not be able to liquidate an investment in the event of an emergency or for any other reason. An investment in the Serent Capital Funds is suitable only for persons and entities that have no need for liquidity with respect to their investment. The interests in the Serent Capital Funds have not been registered under the Securities Act of 1933, as amended, nor is any such registration contemplated.

Uncertain Economic, Social and Political Environment. Consumer, corporate and financial confidence may be adversely affected by current or future tensions around the world, fear of terrorist activity and/or military conflicts, localized or global financial crises or other sources of political, social or economic unrest. Such erosion of confidence may lead to or extend a localized or global economic downturn. A climate of uncertainty may reduce the availability of potential investment opportunities, and increases the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. In addition, limited availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses, in an uncertain environment or economic downturn may have an adverse effect on the economy generally and on the ability of the Serent Capital Funds and their portfolio companies to execute their respective strategies and to receive an attractive multiple of earnings on the disposition of businesses. This may slow the rate of future investments by the Serent Capital Funds and result in longer holding periods for investments. Furthermore, such uncertainty or general economic downturn may have an adverse effect upon the Serent Capital Funds' portfolio companies.

Market conditions. Any material change in the economic environment, including a slowdown in economic growth and/or changes in interest rates or foreign exchange rates, could have a negative impact on the performance and/or valuation of the portfolio companies. The Serent Capital Funds' performance can be affected by deterioration in public markets and by market events, such as the onset of the credit crisis in the summer of 2007 or the downgrading of the credit rating of the United States in 2011, which, among other things, can impact the public market comparable earnings multiples used to value privately held portfolio companies and investors' risk-free rate of return. Movements in foreign exchange rates may adversely affect the value of investments in portfolio companies and the Serent Capital Funds' performance. The value of publicly traded securities may be volatile and difficult to sell as a block, even following a realization through listing. The impact of market and other economic events may also affect the Serent Capital Funds' ability to raise funding to support their investment objectives and also the level of profitability achieved on realizations of investments.

Deterioration of credit markets may affect ability to finance and consummate investments. A deterioration of the global credit markets could make it more difficult for investment funds such as the Serent Capital Funds to obtain favorable financing for investments. A widening of credit spreads, coupled with the deterioration of the sub-prime and global debt markets and a rise in interest rates, could dramatically reduce investor demand for high yield debt and senior bank debt, which in turn could lead some investment banks and other lenders to

be unwilling to finance new private equity investments or to only offer committed financing for these investments on unattractive terms. The Serent Capital Funds' ability to generate attractive investment returns may be adversely affected to the extent the Serent Capital Funds are unable to obtain favorable financing terms for their investments. Moreover, to the extent that such marketplace events are not temporary and continue, they may have an adverse impact on the availability of credit to businesses generally and could lead to an overall weakening of the U.S. and global economies. Such marketplace events also may restrict the ability of the Serent Capital Funds to realize their investments at favorable times or for favorable prices.

Investments in unseasoned companies. The Serent Capital Funds may invest a portion of their assets in privately-held companies with limited histories of profit and stability. These companies may require considerable additional capital to develop technologies and markets, acquire customers and achieve or maintain a competitive position. This capital may not be available at all, or on acceptable terms. Such companies may face intense competition, including competition from established companies with much greater financial and technical resources, more extensive development, manufacturing, marketing and service capabilities, and a greater number of qualified managerial and technical personnel. Typically, although the Serent Capital Funds will generally seek to be represented by at least one member of SCMC on a portfolio company's board of directors, each portfolio company will be managed on a day-to-day basis by its own officers (who generally will not be affiliated with the Serent Capital Funds or SCMC). Portfolio companies may have substantial variations in operating results from period to period and experience failures or substantial declines in value at any stage.

Buyouts, spinouts, divestitures, take-privates investments. The Serent Capital Funds may invest a significant portion of their assets in buyouts, spinouts, divestitures, take-privates, turnarounds and corporate restructurings. Such investments are usually made in distressed companies with troubled operations, organization, management, products or services. Such portfolio companies are generally mature and may have had a history of substantial negative operating results. As a result, the Serent Capital Funds are generally required to invest substantial amounts of capital and time in such entities. The Serent Capital Funds would make such investments under the assumption that Serent Capital will be able to assist with the turnaround of such companies. There is no guarantee that the Serent Capital Funds will have sufficient capital to support such portfolio companies or that SCMC will possess, or properly use, the skills or resources necessary to achieve a positive result. In addition, if SCMC is unable to effectively assist such distressed companies, there is significant risk that the applicable Serent Capital Fund will not be able to recoup any of its investment in such entity. Furthermore, such investments generally require a considerable amount of SCMC's time and human capital. As such, the period within which a gain, if any, would be realized from such investments may be considerably longer than other investments.

Lack of diversification. The Serent Capital Funds may invest in a limited number of companies, sectors, countries or regions. To the extent the Serent Capital Funds concentrate their investments in a particular company, sector, country or region, their investments will become more susceptible to fluctuations in value resulting from adverse business or economic conditions affecting that particular company, country or region. As a consequence, the aggregate return of the Serent Capital Funds may be adversely affected by the unfavorable performance of one or a small number of companies, sectors, countries or regions in which the Serent Capital Funds have invested. In certain cases, the Serent Capital Funds may acquire majority or 100% interests in a

limited number of portfolio companies, which could further increase the vulnerability of the Serent Capital Funds' portfolio. Currently, the Serent Capital Funds intend to focus its investments primarily in services companies, and any downward trends in related sectors could have a material adverse effect on the Serent Capital Funds' performance.

Commodity price exposure. A Serent Capital Fund portfolio company may have significant exposure to commodity price risk, including the price of oil and gas. The operation and cash flows of such portfolio company may indirectly depend, in substantial part, upon prevailing market prices for certain energy commodities, particularly oil and gas. These market prices may fluctuate materially depending upon a wide variety of factors, including, without limitation, weather conditions, foreign and domestic market supply and demand, force majeure events, changes in law, governmental regulations, price and availability of alternative fuels and energy sources, international political conditions including those in the Middle East, actions of the Organization of Petroleum Exporting Countries (and other oil producing nations) and overall economic conditions.

Dynamic Investment Strategy. While the General Partners generally intend to seek attractive returns for the Serent Capital Funds through the investment strategy and methods described herein, the General Partners may pursue additional investment strategies and may modify or depart from their initial investment strategy, investment process or investment techniques to the extent they determine such modification or departure to be appropriate and consistent with the relevant Partnership Agreement(s). The General Partners may pursue investments outside of the industries and sectors in which SCMC has previously made investments or has internal operational experience.

Growth Equity Transactions. The Serent Capital Funds may make growth-equity investments. While growth-equity investments offer the opportunity for significant capital gains, such investments may involve a higher degree of business and financial risk that can result in substantial or total loss. Growth-equity portfolio companies may operate at a loss or with substantial variations in operating results from period to period, and many will need substantial additional capital to support additional research and development activities or expansion, to achieve or maintain a competitive position, and/or to expand or develop management resources. Growth-equity portfolio companies may face intense competition, including from companies with greater financial resources, better brand recognition, more extensive development, marketing and service capabilities and a larger number of qualified managerial and technical personnel.

Availability of investment capital. Investments in both growing and distressed companies can often require a large initial investment with a commitment of continued financial support. If an investor does not have funds available to participate in subsequent rounds of financing, that shortfall may have a significant negative impact on both the portfolio company and the value of such investor's original investment. Although it will be the Serent Capital Funds' policy to maintain some liquidity to allow it to participate in follow-on rounds of financings, the Serent Capital Funds may not intend to provide all necessary follow-on financing. In such cases, third-party sources of financing will be required. There is no assurance that such additional sources of financing will be available, or, if available, will be on terms beneficial to the Serent Capital Funds.

Lack of liquidity within investment portfolio. The marketability and value of each of the Serent Capital Fund's investments depends upon many factors beyond SCMC's control. Generally, the investments made by the Serent Capital Funds are illiquid and difficult to value, and there is little or no collateral to protect an investment once made. At the time of the Serent Capital Funds' investment, a portfolio company may lack one or more key attributes (e.g., operational stability, consistent growth or complete management team) necessary for success. There may be no readily available market for the Serent Capital Funds' investments, and the disposal of a portfolio investment by the Serent Capital Funds may be prohibited or delayed many years from the date of initial investment for legal, contractual and/or regulatory reasons. Volatility in the debt and equity markets and overall business environment may adversely affect the development of portfolio companies, the ability of the Serent Capital Funds to dispose of investments, and the value of investment securities on the date of sale or distribution by the Serent Capital Funds.

Risks of certain dispositions. In connection with the disposition of an investment in a portfolio company or otherwise, the Serent Capital Funds may be required to make representations about the business and financial affairs of the portfolio company typical of those made in connection with the sale of any business. It may also be required to indemnify the purchasers of such investment to the extent that any such representations are inaccurate. These arrangements may result in contingent liabilities, which might ultimately need to be funded by the Serent Capital Funds.

Projections. Projected operating results of the companies in which the Serent Capital Funds invest normally will be based primarily on financial projections prepared by each company's management, with adjustments to such projections made by SCMC in its discretion. In all cases, projections are only estimates of future results that are based upon information received from the company and third parties and assumptions made at the time the projections are developed. There can be no assurance that the results set forth in the projections will be attained, and actual results may be significantly different from the projections. Also, general economic factors, which are not predictable, can have a material impact on the reliability of projections.

Need for Add On Investments. Following their initial investment in portfolio companies, the Serent Capital Funds may decide to provide additional funds to certain portfolio companies or may have the opportunity to increase their investment in portfolio companies, whether for opportunistic reasons, to fund the needs of the business, as an equity cure under applicable debt documents or other reasons. There is no assurance that the Serent Capital Funds will make add on investments or that the Serent Capital Funds will have sufficient funds to make all or any of such investments. Any decision by the Serent Capital Funds not to make add on investments or their inability to make such investments may have a substantial negative impact on a portfolio company in need of such an investment (including an event of default under applicable debt documents in the event an equity cure cannot be made) or may result in a lost opportunity for the Serent Capital Funds to increase their participation in a successful operation.

Controlling investments. The Serent Capital Funds may own a majority of a portfolio company and be able to elect one or more of its directors. With respect to an investment in a distressed company, the Serent Capital Funds may elect to insert certain of their employees or affiliates into key management positions within such company to assist in the entity's daily

operations. As a result, the Serent Capital Funds may be viewed as controlling such a portfolio company, or being a controlling shareholder. To the extent the valuation of such a portfolio company decreases, the Serent Capital Funds may be exposed to lawsuits by discontented minority shareholders. Even if such lawsuits prove to be without merit, the Serent Capital Funds may be required to expend significant resources defending themselves and their affiliates.

Indemnification. The Serent Capital Funds will be required to indemnify SCMC and its affiliates, and their respective officers, employees, directors, agents, stockholders, members and partners and members of the advisory board (and those limited partners affiliated with advisory board members), and to the extent determined by SCMC and its affiliates, Serent Capital Fund employees and agents, for liabilities incurred in connection with the affairs of the Serent Capital Funds. Such liabilities may be material and have an adverse effect on the returns to the limited partners. For example, in their capacity as directors of portfolio companies, the members, managers, partners, agents or affiliates of SCMC may be subject to derivative or other similar claims brought by shareholders of such companies. The indemnification obligations of the Serent Capital Funds would be payable from the assets of the applicable Serent Capital Fund, including the unfunded commitments of the limited partners. If the assets of the Serent Capital Funds are insufficient, the General Partners may recall distributions previously made to the limited partners, subject to certain limitations in the Serent Capital Funds' Partnership Agreements.

Tax risk. The Serent Capital Funds may invest in portfolio companies in countries where tax laws are difficult to understand, subject to different interpretations and/or inconsistently enforced. Any such portfolio company in which the Serent Capital Funds invest could therefore have significantly higher tax liabilities than anticipated, causing a material adverse effect on its financial condition and results of operations.

Economic and political risks. To the extent the Serent Capital Funds make investments in companies with headquarters, or substantial assets, outside of the United States, such investments may be subject to additional economic and political risks. Governments of many foreign countries have exercised and continue to exercise substantial influence over many aspects of the private sector. Accordingly, future government actions could have a significant effect on the economic environment in such countries, which could affect the availability, purchase price and returns of portfolio investments of companies affected by such governments.

Foreign currency and exchange rate risks. Serent Capital Funds' assets and income of investments made outside the United States may be denominated in various currencies. Contributions and distributions, however, will be denominated in U.S. dollars. As a result, the return of the Serent Capital Funds on any non-US investment may be adversely affected by fluctuations in currency exchange rates, any future imposed devaluations of local currencies, inflationary pressures and the success of the investment itself. As a general policy, the Serent Capital Funds do not intend to engage in hedging against currency risk. In addition, the Serent Capital Funds may incur costs in connection with conversions between various currencies.

Material Non-Public Information. From time to time, SCMC frequently comes into possession of confidential or material non-public information. Therefore, SCMC and its affiliates may have access to material, non-public information that may be relevant to an investment decision to be made by the Serent Capital Funds. Although infrequent, the Serent Capital Funds may be restricted from initiating a transaction or selling an investment which, if such information

had not been known to such Serent Capital Fund, may have been undertaken on account of applicable securities laws or SCMC's internal policies. Due to these restrictions, the Serent Capital Funds may not be able to make an investment that they otherwise might have made or sell an investment that they otherwise might have sold.

Valuation of Investments. Generally, the relevant General Partner will determine the value of all the related Serent Capital Fund's investments for which market quotations are available based on publicly available quotations. However, market quotations will not be available for virtually all of a Serent Capital Fund's investments because, among other things, the securities of portfolio companies held by such Serent Capital Fund generally will be illiquid and not quoted on any exchange. There can be no assurance that the relevant General Partner will have all the information necessary to make valuation decisions in respect of these investments, or that any information provided by third parties on which such decisions are based will be correct. There can be no assurance that the valuation decision of a General Partner with respect to an investment will represent the value realized by the relevant Serent Capital Fund on the eventual disposition of such investment or that would, in fact, be realized upon an immediate disposition of such investment on the date of its valuation.

Cybersecurity Risks. External cybersecurity breaches, including unauthorized access to systems, networks or devices (such as through "hacking" activity); infection from computer viruses or other malicious software code; and attacks that shut down, disable, slow or otherwise disrupt operations, business processes or website access or functionality, may occur. In addition, internal incidents can occur, such as the inadvertent release of confidential information (possibly resulting in the violation of applicable privacy laws). A cybersecurity breach could result in the loss or theft of customer data or funds, the inability to access electronic systems ("denial of services"), loss or theft of proprietary information or corporate data, physical damage to a computer or network system or costs associated with system repairs. Such incidents could cause the funds, the General Partner, the management company or other service providers to incur regulatory penalties, reputational damage, additional compliance costs or financial loss. In addition, such incidents could affect the funds' portfolio companies, and thereby adversely affect the funds' returns.

Public Health Risk. Certain countries have been susceptible to epidemics, such as severe acute respiratory syndrome, avian flu, H1N1/09 flu and most recently, the coronavirus. The outbreak of an infectious disease or any other serious public health concern, together with any resulting restrictions on travel or quarantines imposed, could have a negative impact on the economy, and business activity in any of the locations in which the Fund may invest or where portfolio companies transact and thereby adversely affect the performance of the funds' investments.

Conflicts of Interest

SCMC and its related entities engage in a broad range of advisory and non-advisory activities, including investment activities for their own account and for the account of other Serent Capital Funds, and providing transaction-related, investment advisory, legal, management and other services to Serent Capital Funds and portfolio companies. In the ordinary course of SCMC conducting its activities, the interests of a Serent Capital Fund may conflict with the interests of SCMC, one or more other Serent Capital Funds, portfolio companies or their

respective affiliates. Certain of these conflicts of interest are discussed herein. As a general matter, SCMC will determine all matters relating to structuring transactions and Serent Capital Fund operations using its best judgment considering all factors it deems relevant, but in its sole discretion, subject in certain cases to the required approvals by the advisory boards of the participating Serent Capital Funds. The Associates funds are typically bound to “drag along” provisions that enable the Main Funds’ advisory boards and/or limited partners consent conflicts and Partnership Agreement changes on behalf of the Associates Funds. However, all such Main Fund consents/votes will be disclosed to Associates Funds limited partners after the fact.

From time to time, SCMC be presented with investment opportunities that would be suitable for more than one Serent Capital Fund. In determining which Serent Capital Fund should participate in such investment opportunities, SCMC and its affiliates are subject to conflicts of interest among the investors in such investment vehicles. Investments by more than one client of SCMC in a portfolio company may also raise the risk of using assets of a client of SCMC to support positions taken by other clients of SCMC.

SCMC must first determine which Serent Capital Fund(s) will, or are required to, participate in the relevant investment opportunity. SCMC generally assesses whether an investment opportunity is appropriate for a particular Serent Capital Fund based on the Serent Capital Fund’s Partnership Agreement, investment objectives, strategies, life-cycle and structure. SCMC will determine if the amount of an investment opportunity in which a Serent Capital Fund will invest exceeds the amount that would be appropriate for such Serent Capital Fund and any such excess may be offered to one or more potential co-investors, as determined by the Partnership Agreements, Side Letters and SCMC’s procedures regarding allocation. SCMC’s procedures permit it to take into consideration a variety of factors in making such determinations, including but not limited to: perceived ability to quickly execute on transactions; expressed interest in co-investment opportunities; expertise of the prospective co-investor in the industry to which the investment opportunity relates; tax, regulatory, securities laws and/or other legal considerations (e.g., qualified purchaser or qualified institutional buyer status); confidentiality concerns that may arise in connection with providing the prospective co-investor with specific information relating to the investment opportunity; SCMC’s perception of whether the investment opportunity may subject the prospective co-investor to legal, regulatory, reporting, or other burdens that make it less likely that the prospective co-investor would act upon the investment opportunity if offered or would impair SCMC’s ability to execute the relevant transaction in the desired time or on desired terms; size of the investment allocation and practicality of dividing it up among multiple co-investors; lender requirements; whether SCMC believes that allocating investment opportunities to an investor or person will help establish, recognize, strengthen and/or cultivate relationships that have the potential to provide longer-term benefits to the relevant Serent Capital Funds or SCMC; and other appropriate factors.

Furthermore, decisions regarding whether and to whom to offer co-investment opportunities may be made by SCMC or its related persons in consultation with other participants in the relevant transactions, such as a co-sponsor. Co-investment opportunities may, and typically will, be offered to some and not to other Investors. When and to the extent that employees and related persons of SCMC and its affiliates make capital investments in or alongside certain Serent Capital Funds, SCMC and its affiliates are subject to conflicting interests in connection with these investments. There can be no assurance that any Serent Capital Fund’s return from a transaction would be equal to and not less than another Serent Capital Fund

participating in the same transaction or that it would have been as favorable as it would have been had such conflict not existed.

SCMC's allocation of investment opportunities among the persons and in the manner discussed herein may not, and often will not, result in proportional allocations among such persons, and such allocations may be more or less advantageous to some such persons relative to others. While SCMC will allocate investment opportunities in a manner that it believes in good faith is fair and equitable to its clients under the circumstances over time and considering relevant factors, there can be no assurance that a Serent Capital Fund's actual allocation of an investment opportunity, if any, or the terms on which that allocation is made, will be as favorable as they would be if the conflicts of interest to which SCMC may be subject, discussed herein, did not exist.

Conflicts may arise when a Serent Capital Fund makes investments in conjunction with an investment being made by another Serent Capital Fund, or if it were to invest in the securities of a company in which another Serent Capital Fund has already made an investment. A Serent Capital Fund may not, for example, be able to invest through the same investment vehicles, have the same access to line of credit as other Serent Capital Funds. This may result in differences in price, terms, leverage and associated costs. Further, there can be no assurance that the relevant Serent Capital Fund and the other parallel Serent Capital Fund(s) or vehicle(s) with which it co-invests will exit such investment at the same time or on the same terms. SCMC and its affiliates may express inconsistent views of commonly held investments or of market conditions more generally. There can be no assurance that the return on one Serent Capital Fund's investments will be the same as the returns obtained by other Serent Capital Funds participating in a given transaction. Given the nature of the relevant conflicts there can be no assurance that any such conflict can be resolved in a manner that is beneficial to all Serent Capital Funds. In that regard, actions may be taken for one or more Serent Capital Funds that adversely affect other Serent Capital Funds. Due to different credit profiles, certain earlier vintage Associates Funds do not have established line of credits similar to Main Funds, and therefore may experience material performance differences. It is expected that recently formed Associates Funds will have similar line of credit access and use.

Subject to any relevant restrictions or other limitations contained in the Partnership Agreements, SCMC will allocate fees and expenses in a manner that it believes in good faith is fair and equitable to its clients under the circumstances and considering such factors as it deems relevant, but in its sole discretion. In exercising such discretion, SCMC may be faced with a variety of potential conflicts of interest.

As a general matter, Serent Capital Fund ongoing expenses typically will be allocated among all relevant Serent Capital Funds and parallel vehicles eligible to reimburse expenses of that kind in accordance with SCMC's expense allocation policies and procedures. In all such cases, subject to applicable legal, contractual or similar restrictions, expense allocation decisions will generally be made by SCMC or its affiliates using their best judgment, considering such factors as they deem relevant, but in their sole discretion. The allocations of such expenses may not be proportional. The Serent Capital Funds have different expense reimbursement terms, including with respect to Management Fee offsets, which may result in the Serent Capital Funds bearing different levels of expenses with respect to the same investment.

As a result of the Serent Capital Funds' controlling interests in portfolio companies, Serent Capital typically has the right to appoint portfolio company board members, or to influence their appointment. From time to time, portfolio company board members approve amounts reimbursable to SCMC. Such amounts will be in addition to any Management Fees or carried interest paid by a Serent Capital Fund to SCMC.

Additionally, a portfolio company typically will reimburse SCMC or service providers retained at SCMC's discretion for expenses (including without limitation recruitment and travel expenses) incurred by SCMC or such service providers in connection with its performance of services for such portfolio company. This subjects SCMC and its affiliates to conflicts of interest because the Serent Capital Funds indirectly share in these reimbursements, and the amount of such reimbursements may be substantial. SCMC determines the amount of these reimbursements for such services in its own discretion, subject to its expense allocation policies and practices. Although the amount of individual reimbursements typically is not disclosed to investors in any Serent Capital Fund, their effect is reflected in each Serent Capital Fund's audited financial statements, and any fee paid or expense reimbursed to SCMC or such service providers generally is subject to: agreements with sellers, buyers, and management teams; the review and supervision of the board of directors of or lenders to portfolio companies; and/or third party co-investors in its transactions. These factors help to mitigate related conflicts of interest.

SCMC may also, from time to time, employ personnel with pre-existing ownership interests in portfolio companies owned by the Serent Capital Funds or other investment vehicles advised by SCMC and/or its affiliates; conversely, former personnel or executives of SCMC and/or its affiliates may serve in significant management roles at portfolio companies or services providers recommended by SCMC. Similarly, SCMC, its affiliates and/or personnel maintain relationships with (or may invest in) financial institutions, service providers and other market participants, including managers of private funds, banks and brokers. Certain of these persons or entities will invest (or will be affiliated with an investor) in, engage in transactions with and/or provide services (including services at reduced rates) to, SCMC and/or its affiliates, and/or the Serent Capital Funds or other investment vehicles they advise. SCMC may have a conflict of interest with a Serent Capital Fund in recommending the retention or continuation of a third-party service provider to such Serent Capital Fund or a portfolio company if such recommendation, for example, is motivated by a belief that the service provider or its affiliate(s) will continue to invest in one or more Serent Capital Funds, will provide SCMC information about markets and industries in which SCMC operates (or is contemplating operations) or will provide other services that are beneficial to SCMC. SCMC may have a conflict of interest in making such recommendations, in that SCMC has an incentive to maintain goodwill between it and the existing and prospective portfolio companies for a Serent Capital Fund, while the products or services recommended may not necessarily be the best available to the portfolio companies held by a Serent Capital Fund.

SCMC, its affiliates, and equity holders, officers, principals, and employees of SCMC and its affiliates may buy or sell securities or other instruments that SCMC has recommended to a Serent Capital Fund. In addition, officers, principals, and employees may buy securities in transactions offered to but rejected by a Serent Capital Fund. Such transactions are subject to the policies and procedures set forth in SCMC's Code of Ethics. The investment policies, fee arrangements, and other circumstances of these investments generally vary from those of any Serent Capital Fund. Employees and related persons of SCMC have, and are expected to

continue to have, capital investments in or alongside certain Serent Capital Funds, or in prospective portfolio companies directly or indirectly, and therefore may have additional conflicting interests in connection with these investments.

Because certain expenses are paid for by a Serent Capital Fund and/or its portfolio companies or, if incurred by SCMC, are reimbursed by a Serent Capital Fund and/or its portfolio companies, SCMC may not necessarily seek out the lowest cost options when incurring (or causing a Serent Capital Fund or its portfolio companies to incur) such expenses.

Because SCMC's carried interest allocation is based on a percentage of net realized profits, it may create an incentive for SCMC to cause a Serent Capital Fund to make riskier or more speculative investments than would otherwise be the case. Also, because there is a fixed investment period after which capital from investors in a Serent Capital Fund may only be drawn down in limited circumstances and because Management Fees are, at certain times during the life of a Serent Capital Fund, based upon capital invested by such Serent Capital Fund, this fee structure may create an incentive to deploy capital when the SCMC may not otherwise have done so.

SCMC may enter into Side Letters with certain investors in a Serent Capital Fund providing such investors with different or preferential rights or terms, including but not limited to most favored nations clauses. Most favored nations clauses for Main Funds investors do not apply for reduced fee parallel Associates Funds arrangements.

Principals and employees of SCMC may serve as directors and officers of certain portfolio companies and, in that capacity, will be required to make decisions that consider the best interests of such portfolio company and its shareholders. In certain circumstances (for example in situations involving bankruptcy or near-insolvency of a portfolio company), actions that may be in the best interests of the portfolio company may not be in the best interests of a Serent Capital Fund, and vice versa. Accordingly, in these situations, there may be conflicts of interests between such individual's duties as an employee of SCMC and such individual's duties as a director of such portfolio company.

SCMC Growth team negotiates vendor group discounts for shared services that are made available and believed to benefit certain Serent Capital Fund portfolio companies. SCMC in turn may benefit in the form of those same negotiated group discounts for those shared services in connection with the Adviser's expenses. As an example, benefits may include reduced or subsidized rates for accounting software, travel, or other office equipment overhead expenses. To manage and mitigate any potential conflict of interest, SCMC has implemented policies and procedures that include initial and ongoing reviews of its third-party service providers. In addition, while SCMC may benefit from a discount, the aforementioned reviews are intended to prevent entering into discounts or fee arrangements with greater benefits for SCMC than the funds it advises or portfolio companies owned by the funds.

Any of the aforementioned situations subjects SCMC and/or its affiliates to potential conflicts of interest. SCMC attempts to resolve such conflicts of interest in light of its obligations to investors in its Serent Capital Funds and the obligations owed by SCMC's advisory affiliates to investors in investment vehicles managed by them, and attempts to allocate investment opportunities among a Serent Capital Fund, other Serent Capital Funds and such investment

vehicles in a fair and equitable manner. To the extent that an investment or relationship raises particular conflicts of interest, SCMC will review the circumstances of such investment or relationship with a view to addressing and reducing the potential for conflict. Where necessary, SCMC consults and receives consent to conflicts from an advisory board consisting of limited partners of the relevant Serent Capital Fund and such other investment vehicles.

ITEM 9 - DISCIPLINARY INFORMATION

SCMC and its management persons have not been subject to any material legal or disciplinary events required to be discussed in this Brochure.

ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

SCMC is affiliated with the General Partners. SCMC and the General Partners operate as a single advisory business and serve as managers or general partners of private investment funds and other pooled vehicles and generally share common owners, officers, partners, employees, consultants or persons occupying similar positions. As described in Item 6, the General Partners are entitled to receive performance based compensation from the Serent Capital Funds, which may in certain circumstances create a conflict of interest, as described in Item 8 above. As described in greater detail under Item 11, below, SCMC employees may infrequently personally directly or indirectly own interest in certain companies prior to Serent Capital Funds investing in the same company. This practice would present a potential conflict of interest. SCMC manages this conflict of interest through rigorous enforcement of its Code of Ethics (as described below). Please refer to Item 11 for additional information.

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

SCMC has adopted the Code of Ethics and Securities Trading Policy (the “**Code**”), which sets forth standards of conduct that are expected of SCMC principals and employees and addresses conflicts that arise from personal trading. The Code requires certain SCMC personnel to report their personal securities transactions, requires pre-clearance for SCMC personnel to directly or indirectly acquire beneficial ownership or dispose of securities in an initial public offering, and prohibits SCMC personnel from directly or indirectly acquiring beneficial ownership of securities with limited offerings, without first obtaining approval from the SCMC Chief Compliance Officer. In addition, the Code requires such personnel to comply with procedures designed to prevent the misuse of, or trading upon, material non-public information. A copy of the Code will be provided to any investor or prospective investor upon request to Amy Abbott, the SCMC Chief Compliance Officer, at (415) 343-1050. Personal securities transactions by employees are required to be conducted in a manner that prioritizes the client’s interests in client eligible investments.

Accordingly, should SCMC or any of its affiliated persons come into possession of material nonpublic or other confidential information with respect to any public company, SCMC would be prohibited from communicating such information to clients, and SCMC will have no responsibility or liability for failing to disclose such information to clients as a result of following its policies and procedures designed to comply with applicable law. Similar restrictions may be applicable as a result of and if SCMC personnel were serving as directors of public companies and may restrict trading on behalf of clients, including the Serent Capital Funds.

Principals and employees of SCMC and its affiliates may directly or indirectly own an interest in one or more Serent Capital Funds, Associates Funds or certain co-invest vehicles. To the extent that co-invest vehicles exist, such vehicles may invest in one or more of the same portfolio companies as a Serent Capital Fund.

ITEM 12 - BROKERAGE PRACTICES

SCMC focuses on securities transactions of private companies and generally purchases and sells such companies through privately-negotiated transactions in which the services of a broker-dealer may be retained. However, SCMC may also distribute securities to investors in the Serent Capital Funds or sell such securities, including through using a broker-dealer, if a public trading market exists. Although SCMC does not intend to regularly engage in public securities transactions, to the extent it does so, it follows the brokerage practices described below.

If SCMC sells publicly traded securities for a Serent Capital Fund, it is responsible for directing orders to broker-dealers to effect securities transactions for accounts managed by SCMC. In such event, SCMC will seek to select brokers on the basis of best price and execution capability. In selecting a broker to execute client transactions, SCMC may consider a variety of factors, including: (i) execution capabilities with respect to the relevant type of order; (ii) commissions charged; (iii) the reputation of the firm being considered; and (iv) responsiveness to requests for trade data and other financial information.

SCMC has no duty or obligation to seek in advance competitive bidding for the most favorable commission rate applicable to any particular client transaction or to select any broker on the basis of its purported or “posted” commission rate, but will endeavor to be aware of the current level of the charges of eligible brokers and to reduce the expenses incurred for effecting client transactions to the extent consistent with the interests of such clients. Although SCMC generally seeks competitive commission rates, it may not necessarily pay the lowest commission or commission equivalent. Transactions may involve specialized services on the part of the broker involved and thereby entail higher commissions or their equivalents than would be the case with other transactions requiring more routine services.

SCMC does not currently anticipate allocating brokerage business on the basis of research services.

In SCMC’s private company securities transactions on behalf of the Serent Capital Funds, SCMC may retain one or more broker-dealers or investment banks, the costs of which

will be borne by the relevant Serent Capital Fund and/or its portfolio companies. In determining to retain such parties, SCMC may consider a variety of factors, including: (i) capabilities with respect to the type of transaction being contemplated; (ii) commissions or fees charged; (iii) reputation of the firm being considered; and (iv) responsiveness to requests for information. As a result, although SCMC generally will seek reasonable rates for such services, the market for such services involves more subjective evaluations than public securities brokerage transactions, and the Serent Capital Funds may not pay the lowest commission or fee for such services.

ITEM 13 - REVIEW OF ACCOUNTS

The investments made by the Serent Capital Funds are generally private, illiquid and long-term in nature. All investment decisions are made by SCMC's investment committee. SCMC regularly reviews and monitors its portfolio companies. SCMC reviews various metrics, including but not limited to the valuation, budgets, and overall performance of its portfolio companies.

The Serent Capital Funds will provide to its limited partners (i) annual U.S. GAAP audited and quarterly unaudited financial statements, (ii) annual tax information necessary for each limited partner's tax return, and (iii) quarterly and/or annual reports. With respect to (i) above, limited partners in Associates Funds do not receive quarterly unaudited financial statements, and accordingly do not have access to as much portfolio transparency as Main Fund investors.

ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION

SCMC does not currently engage or compensate third party referral agents to solicit new clients.

ITEM 15 – CUSTODY

In accordance with Rule 206(4)-2 under the Advisers Act (the "Custody Rule"), SCMC is deemed to have custody of Serent Capital Fund assets since an affiliate of SCMC serves as the General Partner of each Serent Capital Fund. As a result, each Serent Capital Fund is audited by an independent accounting firm that is both registered and subject to the inspection of the PCAOB. The financial statements are delivered to each investor of the Funds within 120 days following the Funds' fiscal year-end.

ITEM 16 - INVESTMENT DISCRETION

SCMC has discretionary authority to manage investments on behalf of the Serent Capital Funds. SCMC does not allow investors to place limitations on this authority.

ITEM 17 - VOTING CLIENT SECURITIES

SCMC has adopted the Serent Capital Proxy Voting Policies and Procedures (the “**Proxy Policy**”) to address how it will vote proxies, as applicable, for each Serent Capital Fund’s (and any Serent Capital Fund’s) portfolio investments. Given SCMC’s business as a private equity fund manager, it is anticipated that it will be extremely rare that SCMC will receive proxies with respect to securities held on behalf of the Serent Capital Funds. To the extent that SCMC controls a portfolio company, such voting will not be required. However, there are situations where private companies could have proxy issues (e.g. a private company needs approval of investors to make changes to board of directors, auditors, etc.). In such situations, SCMC would have authority to vote proxies on behalf of Serent Capital Funds (assuming that SCMC does not otherwise have control over the portfolio company and exercise such authority through control of the portfolio company’s board of directors).

The Proxy Policy seeks to ensure that SCMC votes proxies (or similar instruments) in the best interest of the Serent Capital Fund, including where there may be material conflicts of interest in voting proxies. SCMC generally believes its interests are aligned with those of the Serent Capital Fund’s investors, for example, through the principals’ beneficial ownership interests in the Serent Capital Fund and therefore will not seek investor approval or direction when voting proxies. In the event that there is or may be a conflict of interest in voting proxies, the Proxy Policy provides that SCMC may address the conflict using several alternatives, including by seeking the approval or concurrence of the Serent Capital Fund’s advisory board on the proposed proxy vote or through other alternatives set forth in the Proxy Policy. Additionally, each Serent Capital Fund’s advisory board may approve SCMC’s vote in a particular solicitation. SCMC does not consider service on portfolio company boards by SCMC’s personnel or SCMC’s receipt of management or other fees from portfolio companies, if any, to create a material conflict of interest in voting proxies with respect to such companies. In addition, the Proxy Policy sets forth certain specific proxy voting guidelines followed by SCMC when voting proxies on behalf of the Serent Capital Fund. If you would like a copy of SCMC’s complete Proxy Policy or information regarding how SCMC voted proxies for particular portfolio companies, please contact Amy Abbott, the Serent Capital Chief Compliance Officer, at (415) 343-1050, and it will be provided to you at no charge.

ITEM 18 - FINANCIAL INFORMATION

SCMC does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.

SCMC is not currently aware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to Serent Capital Funds or Investors.

SCMC has not been the subject of any bankruptcy petition.