

# Form ADV, Part 2A: Firm “Brochure”

## Wasserstein & Co., L.P.

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This document (the “Brochure”) provides information about the qualifications and business practices of Wasserstein & Co., L.P. (“W&Co.” or the “Firm”). If you have any questions about the contents of this brochure, please contact us at (212) 702-5600. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional information about W&Co. is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

W&Co. refers to itself as a “registered investment adviser.” Registration does not imply a certain level of skill or training.

**March 30, 2020**

## Item 2: Material Changes

W&Co. is required to disclose material changes made to this Brochure since its last annual update amendment, dated March 29, 2019. There have been no material changes since its last annual 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.....	8
Item 7: Types of Clients.....	9
Item 8: Methods of Analysis, Investment Strategies and Risk of Loss .....	10
Item 9: Disciplinary Information .....	19
Item 10: Other Financial Industry Activities and Affiliations .....	20
Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....	22
Item 12: Brokerage Practices .....	23
Item 13: Review of Accounts .....	24
Item 14: Referrals and Other Compensation .....	25
Item 15: Custody .....	26
Item 16: Investment Discretion .....	27
Item 17: Voting Client Securities.....	28
Item 18: Financial Information .....	29

#### Item 4: Advisory Business

W&Co. is an investment management firm established in 2001 and organized under the laws of the State of Delaware as a limited partnership. The Firm is based in New York, New York and also has an office in Los Angeles, California. W&Co. provides investment advisory services to EagleTree Partners III, LP and EagleTree Partners III (Offshore), LP and related investment and co-investment vehicles (collectively, the “Funds”). W&Co. is affiliated and under common control with EagleTree Capital, LP (“EagleTree”), a separately registered investment adviser. Pursuant to a written Separation and Services Agreement, W&Co. has hired EagleTree, in a subadvisory capacity, to provide investment advisory and other support services to W&Co. and the Funds.

The Funds are private pooled investment vehicles organized and sponsored by W&Co. and its affiliates and are closed to new capital commitments. For purposes of clarification, when this Brochure discusses the Funds, it refers only to the Funds that accept outside capital from Investors; lower-tier or intermediate entities wholly owned by such Funds for which W&Co. or an affiliate thereof also serves, directly or indirectly, as the investment adviser or general partner (or in a similar capacity), are not included. W&Co. provides investment advice directly to each Fund and not individually to the Investors. “Investors” refers to those institutions, funds of funds, family offices, individuals and other investors that have committed capital to the Funds.

The principal owners of W&Co. are Wasserstein Capital, L.P.; Wasserstein Investments, L.L.C.; Wasserstein Family Trust, L.L.C.; and CDLTT LLC.

In its capacity as investment adviser, W&Co. is primarily responsible for identifying investment opportunities for the Funds, effecting all investment transactions, monitoring and evaluating the Funds’ investments and making recommendations regarding the purchase and/or sale of investments. The assets of each Fund are managed in accordance with the terms of its applicable Governing Documents (as defined in Item 5 “Fees and Compensation” of this Brochure). The Firm may from time to time, consistent with the terms of the Governing Documents of the Funds, pursue, on behalf of clients other than the Funds, various investment strategies and lines of business that vary from those pursued on behalf of the Funds. Further information and details concerning each Fund’s investment objective and mandate are set forth in such Fund’s Governing Documents.

W&Co.’s investment strategy on behalf of the Funds is to make privately negotiated equity and related investments primarily in North American middle market companies, with a focus on the media and communications, consumer products, and water and industrial sectors. W&Co.’s advisory services consist of extensive due diligence prior to making an investment, monitoring investments by actively overseeing the management of the companies in which its Funds invest (“portfolio companies”), and realizing long term capital gains from the investments.

W&Co. is affiliated with entities that serve as the general partners to each of the Funds (each, a “General Partner” and, collectively, the “General Partners”) and each of the Funds is controlled by its respective General Partner. The following are the General Partners of the Funds: EagleTree Partners III (GP), LP and EagleTree Partners III (Offshore), Ltd.

The General Partners have delegated all investment management duties and responsibilities with respect to the Funds to PNB-Wasserstein Management, LLC (“PWM”) pursuant to written investment management agreements. PWM is a subsidiary of W&Co., of which W&Co. is the

managing member. PWM then contractually delegated all investment advisory functions with respect to the Funds to W&Co. Pursuant to a Separation and Services Agreement, W&Co. has hired EagleTree, in a subadvisory capacity, to provide investment advisory and other support services to W&Co. and the Funds. Each of the General Partners and PWM is deemed registered under the Investment Advisers Act of 1940, as amended (the “Advisers Act”) pursuant to W&Co.’s registration in accordance with SEC guidance.

Investments are recommended to the Funds on the basis that such recommendations reflect the most compelling private equity investments available within the strategy set forth in the applicable Fund’s Governing Documents. W&Co. tailors its services to the individual needs of its Funds. W&Co. does not provide personalized services directly to the individual needs of the Funds’ underlying Investors.

As of December 31, 2019, W&Co. had approximately \$457,555,776 of regulatory assets under management. W&Co. manages all assets on a discretionary basis.

## Item 5: Fees and Compensation

Each Fund is governed by a limited partnership agreement (“LPA” and, together with any applicable private placement memoranda, investment management agreements and other offering and/or organizational documents, the “Governing Documents”) that sets forth in detail the fee structure, if any, applicable to such Fund. Pursuant to the Governing Documents of each Fund, W&Co. or an affiliate thereof, is generally paid a management fee (the “Management Fee”) by such Fund quarterly in advance, *pro rated* for any period that is less than a full calendar quarter, or otherwise in accordance with such Fund’s Governing Documents. W&Co., or an affiliate thereof, is authorized under the Fund’s Governing Documents to charge and deduct applicable Management Fees directly from the assets of the Funds. Annual Management Fees are generally calculated (i) during such Fund’s investment period, as a percentage of the total committed capital of such Fund and (ii) thereafter, as a percentage of invested capital. W&Co then pays a fixed subadvisory fee to EagleTree pursuant to the written Separation and Services Agreement in place between W&Co and EagleTree. As of the date of this Brochure, the maximum annual Management Fee payable by a Fund is 2% of capital commitments. Please refer to the Governing Documents of each applicable Fund for complete information on the Management Fees and/or other compensation payable with respect to such Fund.

In addition, is the General Partners are eligible to receive a performance-based profit allocation from certain of the Funds (commonly known as “Carried Interest”), as further described under Item 6 “Performance-Based Fees and Side-by-Side Management” of this Brochure. If a Fund’s Carried Interest results in an over distribution of the agreed upon percentage of Carried Interest as of the termination of the Fund, then General Partner is generally subject to an after-tax “claw back” obligation. Carried Interest is generally calculated as a percentage of profits after Investors have received a preferred return. As of the date of this Brochure, the maximum Carried Interest allocable to a General Partner of a Fund is 20% of the realized profits derived from the disposition of investments (after taking into account costs and expenses of the Fund, including Management Fees, and following a preferred return to Investors of up to 8% per annum).

The Management Fees and Carried Interest applicable with respect to the Funds were generally established during the fundraising period of the applicable Fund. W&Co. reserves the right to waive all or a portion of any Management Fees and/or Carried Interest with respect to any Investor under the Governing Documents of the Funds, including any employee or affiliate of W&Co.

In connection with the Funds’ investments, certain “Transaction Fees” may be paid to the Funds or W&Co. and/or W&Co.-affiliated persons by portfolio companies. In addition, the case of portfolio company investments made by Funds, quarterly monitoring fees are paid to certain W&Co.-affiliated persons by certain special purpose investment entities that hold such investments pursuant to the terms of applicable management services agreements with such entities. All such monitoring fees are retained in full by the W&Co.-affiliated person to whom they are paid. Management Fees payable by the Funds are reduced by 65% of all net Transaction Fees and net monitoring fees retained by W&Co and/or W&Co-affiliated persons and such offset is, effectively, reflected in the fixed subadvisory fee that W&Co pays to EagleTree in its capacity as a subadvisor to the Funds.

In addition to Management Fees and Carried Interest, each Fund generally bears the organizational costs associated with W&Co.'s investment program, up to a maximum amount agreed to by the applicable Fund.

The Funds also bear all of their operating expenses, which generally include, without limitation, the following:

- i. Expenses incurred in connection with the evaluation, acquisition or disposition of investments, including private placement fees, sales commissions and discounts, and legal, accounting, investment banking, consulting, information services and professional fees;
- ii. Expenses incurred in connection with the carrying and/or management of investments, including custodial, trustee, record keeping and other administration fees;
- iii. Expenses incurred in connection with the Funds' audited financial statements, tax returns and Schedule K-1's;
- iv. Attorneys' and accountants' fees and disbursements;
- v. Taxes and other governmental charges that may be incurred or payable by the Funds;
- vi. Insurance, regulatory or litigation expenses (and damages);
- vii. Expenses incurred in connection with winding up or liquidation;
- viii. Expenses relating to defaults by investors in the payment of capital contributions;
- ix. Expenses for transactions not consummated;
- x. Expenses incurred in connection with any restructuring or amendments to the Governing Documents of the Funds and related entities;
- xi. Expenses incurred in connection with the formation of special purpose vehicles and alternative investment vehicles;
- xii. Expenses incurred in connection with distribution of proceeds to investors and in connection with any meetings or conferences with investors and meetings of the Advisory Board of the Funds;
- xiii. Other expenses that may be paid by, or reimbursed to, W&Co. and its affiliates by the Funds as further detailed in the Funds' Governing Documents.

The General Partner of each Fund, in its sole discretion, can call capital for expenses (including Management Fees) or can, instead, fund such amounts out of disposition proceeds. The fees and expenses borne by a Fund are negotiated with the Investors during such Fund's fundraising period. Investors should review all fees charged by W&Co., its related parties, and others to fully understand the total amount of fees to be paid by the Funds and, indirectly, their respective Investors. Expenses paid by the Funds are allocated among any parallel partnerships, alternative investment vehicles, special purpose vehicles and any co-investment vehicles, in each case, that participate in the activities and/or investments or potential investments generating such expenses; however, in the event that a co-investment opportunity is not consummated, and prospective co-investors do not agree to bear their share of any broken deal expenses, such expenses will be considered operating expenses of and be borne by the applicable Funds.

## **Item 6: Performance-Based Fees and Side-By-Side Management**

As discussed in Item 5 “Fees and Compensation” of this Brochure, the Funds are subject to a Carried Interest of up to 20%, which is paid to the General Partners. Although the Carried Interest generally aligns W&Co.’s and its affiliates’ interests with those of the Funds’ Investors, since it is based on profits, it can also give W&Co. and its affiliates an incentive to make riskier or more speculative investments on behalf of the Funds than W&Co. would otherwise make. The Carried Interest could also incentivize W&Co. to make different decisions regarding the timing and manner of disposing of the Funds’ investments than it would absent the Carried Interest. To address such potential conflicts of interest, W&Co. performs extensive due diligence on each investment that is recommended to a Fund and discloses information about the Funds’ investments through quarterly reports, call notices and distribution notices. Furthermore, W&Co.’s executive officers have a significant direct or indirect investment in the Funds.



## **Item 7: Types of Clients**

W&Co. provides advisory services to the Funds, each of which is a private pooled investment vehicle, as described in Item 4 “Advisory Business” of this Brochure. Investors in the Funds include a variety of institutional investors (e.g., public and private pension plans, corporations, limited liability companies and funds of funds), high net worth individuals and family offices. All Investors in the Funds are required to be either “qualified purchasers” or employees who are deemed to be “knowledgeable employees” under the U. S. Investment Company Act of 1940 (as amended) or must otherwise be permitted to invest under applicable securities laws.

Certain of the Funds have entered into separate agreements, commonly referred to as “side letters”, with certain investors, to waive certain terms and/or allow such investors to invest on different terms than those specifically described in such Fund’s Governing Documents. Under certain circumstances, these agreements create preferences or priorities for such Investors as compared to other Investors. The minimum capital commitment for an Investor in a Fund is set forth in such Fund’s Governing Documents.

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

### W&Co.'s Investment Strategy and Methods of Analysis

On behalf of the Funds, W&Co. makes privately negotiated equity and related investments primarily in North American middle market companies, with a focus on the media and communications, consumer products, and water and industrial sectors. Given the close historical relationships of W&Co. with senior officers of investment banking firms and deal intermediaries, as well as with senior executives of many large strategic players in its focus areas, W&Co. frequently sees deal opportunities that may require somewhat more equity than could be invested by a Fund. In these cases, as it has done historically, W&Co. may seek strategic or financial co-investments, including from investors in the Funds. W&Co. expects to apply reasonable leverage to its investments to maximize returns for investors.

W&Co. will generally seek investments where the Funds acquire control or a position of significant influence, including by obtaining negative controls or contractual rights. W&Co. also may from time to time consider special situations or structured minority investments, particularly related to existing portfolio companies or sourced through W&Co.'s knowledge network, with especially compelling risk-reward profiles.

### Distinctive Value Creation Strategy

W&Co. uses a consistent and simple investment strategy across industries and economic conditions with the objective of creating value at each stage of the investment cycle: entry, ownership and exit.

First, W&Co. primarily focuses on acquiring businesses being divested by corporate parents or sold by entrepreneurs. The close attention and best practices that W&Co. brings, together with equity participation for management, unlocks latent potential. Second, W&Co. only acquires businesses where it has a clear strategic vision: generally, a limited number of actionable initiatives to grow earnings. Third, W&Co. targets businesses that it can position for sale to strategic acquirers at a premium to standalone value. Strategic acquirers typically seek scale / market position and ease of integration. W&Co. prepares its companies for these buyers by driving growth (organically or through add-on acquisitions) and bringing best practices to family-owned businesses or corporate orphans.

### Strategic Vision

W&Co. targets businesses with strong prospects that are not achieving their full potential. W&Co. does not acquire companies to conduct "business as usual," but instead develops a specific strategic vision for each potential investment. The strategic vision would not include any high-risk business transformation, but rather incremental changes expected to create significant value. W&Co.'s professionals immerse themselves in each business and industry, working hands-on with management to implement the strategic vision developed at the outset.

### Downside Protection

To protect against external shocks and the non-achievement of W&Co.'s strategic vision, W&Co. only purchases businesses with inherent risk-mitigating characteristics. These include, for example, businesses with a valuable tangible asset base relative to the purchase price, or brand equity that has been built up over decades, or favorable cash flow characteristics inherent in many media and communications companies, where customer payments are made up front, capital expenditures

are low and a large portion of revenue is based on long-term contracts.

W&Co. also seeks initially to minimize risk by employing relatively conservative capital structures at portfolio companies. In many of W&Co.'s previous transactions, W&Co. declined to maximize initial leverage, preferring instead to "over-equitize" the transaction in order to ensure that the investment thesis for the particular company was fundamentally sound and proven out before adding more leverage later.

#### Targeted Investment Sectors

While W&Co. will seek the best risk-adjusted investments available across all industry sectors, W&Co. anticipates investing with a focus generally on the media and communications, consumer products, and water and industrial sectors. These sectors are expected to remain core areas of focus for the Funds.

#### Due Diligence

W&Co. devotes substantial resources to the due diligence effort. The due diligence process is conducted by a team led by one or two members of W&Co.'s senior management and will often involve outside professionals with expertise in technology, intellectual property, operations, marketing, information systems, law, accounting, tax, insurance, environmental regulation and other areas, to the extent appropriate.

#### Risks and Potential Conflicts of Interest

Certain material risks and potential conflicts of interest relating to W&Co.'s investment strategy and methods of analysis are set forth below, however, this is not intended to serve as an exhaustive list or comprehensive description of all risks and conflicts that are, or can be, relevant to a prospective Investor in a Fund. Investing in the Funds involves a risk of loss that an Investor should be prepared to bear. Each prospective Investor should carefully consider all risk factors set forth in a Fund's Governing Documents and carefully review the applicable Governing Documents before deciding to make an investment in a Fund.

#### Dependence on Investment Professionals

The success of W&Co.'s investment strategy will be highly dependent on the expertise and performance of its senior investment professionals. The loss of one or more of these individuals could have a material adverse effect on the performance of the Funds. Additionally, investment professionals are not required to devote all of their time to the Funds' affairs. None of W&Co.'s investment professionals are under any contractual obligation to remain with W&Co. for all or any portion of the term of the Funds.

#### Lack of Diversification

Although the Governing Documents of the Funds include certain minimum diversification limits, diversification is not an objective of W&Co.'s investment strategy. Each Fund's portfolio will generally include a small number of large positions. Therefore, adverse change in one or more such portfolio companies could have a material adverse effect on an investment with the Funds.

#### Difficulty of Locating Suitable Investments

Identification of attractive investment opportunities is difficult and involves a high degree of uncertainty. Furthermore, the availability of investment opportunities generally will be subject to market conditions as well as, in some cases, the prevailing regulatory or political climate.

Competition for such opportunities is expected to be substantial, and there can be no assurance that W&Co. will be able to locate and complete a sufficient number of suitable opportunities to enable it to invest all of the Funds' commitments in opportunities that satisfy the Funds' investment objectives.

#### Follow-On Investments

The Funds have been in the past and may be in the future called upon to provide follow-on funding for certain portfolio companies or have the opportunity to increase its investment in portfolio companies. There can be no assurance that the Funds will be able to make follow-on investments or have sufficient funds to do so. Any decision not to make a follow-on investment could have a substantial negative impact on a portfolio company in need of such an investment or could diminish W&Co.'s ability to influence the portfolio company's development.

#### Risk Arising from Provision of Managerial Assistance and Control

W&Co. will typically participate substantially in and influence substantially the conduct of the management of the majority of the Funds' portfolio companies. W&Co. typically will designate directors to serve on the boards of directors of portfolio companies. The designation of directors and other measures contemplated could expose the assets of the Funds to claims by portfolio companies, their other security holders and their creditors. While W&Co. intends to manage the Funds in a way that will minimize exposure to these risks, the possibility of successful claims cannot be precluded.

#### Leverage

In the event that W&Co. recommends an investment in a company with a leveraged capital structure, such investment will be subject to increased exposure to adverse economic factors, such as a rise in interest rates, a downturn in the economy or deterioration in the condition of such company or industry. If such a company is at any time unable to generate sufficient cash flow to meet principal and interest payments on its indebtedness, the principal amount of the Fund's debt investment, if any, may be at significant risk, and the value of the equity position of the Fund's investment in such company could be significantly reduced or eliminated.

#### Adverse Economic Conditions and Changes in Financial Markets

Market turbulence or a prolonged economic downturn could adversely affect the Funds in many ways, including by reducing the value or performance of investments or undermining the ability of W&Co. to deploy new capital, each of which could negatively affect performance. In addition, to the extent W&Co. seeks financing for a portfolio company, market conditions could negatively impact the ability of W&Co. to obtain financing for Fund investments and increase the cost of financing if it is obtained. In addition, portfolio companies could experience decreased revenues, financial losses and increased funding costs. These companies could also have difficulty meeting their debt service obligations or other expenses as they become due, including expenses payable to the Funds.

#### COVID-19

In December 2019, a new strain of coronavirus (also known, and hereinafter referred to, as "COVID-19") originated in Wuhan, China, and quickly spread to infect many people in the city and surrounding area. In some cases, COVID-19 causes severe illness and even death. Since its discovery, COVID-19 has spread throughout China and across the world, significantly impacting the world economy. Various measures are being taken by countries, including the United States, both

on a macro country-wide level and a local level, to combat the virus and its spread. Some of these measures include quarantines, travel bans, bans on public events, bans on public gatherings, closures of a variety of venues (e. g., restaurants, gyms, concert halls, museums, theaters, schools and stadiums, non-essential stores, malls and other entertainment facilities) or shelter-in-place orders. On March 11, 2020, the World Health Organization publicly characterized COVID-19 as a pandemic. On March 13, 2020, the President of the United States declared the COVID-19 outbreak a national emergency. As of the date of this Brochure, the U. S. federal government and state governments are continuing to implement a variety of actions to mobilize efforts to mitigate the ongoing and expected impact, and the Center for Disease Control is implementing its pandemic preparedness and response plans, working on multiple fronts, including providing specific guidance on measures to prepare communities to respond to the local spread of COVID-19 throughout the United States. The effect of the COVID-19 outbreak on the economy and on the public will be severe. There are no comparable recent events in the United States which provide guidance as to the effect of the spread of COVID-19 and a potential pandemic on the business, financial condition and results of operations of the Funds and their portfolio companies. Therefore, there is substantial uncertainty of COVID-19's potential effect on the Funds and their portfolio companies, which could have a material adverse effect on the Funds' investments and on the business, financial condition and results of operations of the Funds' portfolio companies. An economic downturn could result in a reduction in the demand for the products and services provided by the Funds' portfolio companies, longer payment cycles, slower adoption of new technologies and/or increased price competition, each of which, in turn, could adversely affect the financial resources of the Funds' portfolio companies, particularly those portfolio companies that were already highly leveraged or distressed prior to such economic downturn, and their ability to make principal and interest payments on, or refinance, outstanding debt when due. Failure to meet any such financial obligations could result in the Funds and their portfolio companies being required to repay indebtedness or other financial obligations immediately, in whole or in part, together with any attendant costs, and the Funds and their portfolio companies could be forced to sell some of their assets to fund such costs. In the event of any such consequences, the Funds could lose both invested capital in and anticipated profits from the affected investments. Additionally, suppliers of certain materials used by the businesses of certain of the Funds' portfolio companies are located in Asia. Most of these materials may be obtained by more than one supplier, including suppliers outside of Asia. However, due to port closures and other restrictions resulting from the coronavirus outbreak in Asia, these suppliers, located both inside and outside of Asia, may have limited supply of such materials, which will cause the price of such materials to increase. These and other disruptions, as well as poor economic conditions generally, may lead to a decline in the sales and operating results of the Funds' portfolio companies.

#### Force Majeure

In addition, W&Co.'s strategies and investments on behalf of the Funds may be affected by other *force majeure* events (i. e. , events beyond W&Co.'s control, including acts of God, fire, flood, earthquakes, outbreaks of an infectious disease, future pandemics and/or any other serious public health concern, war, terrorism and labor strikes). Some force majeure events could adversely affect W&Co.'s ability to perform its obligations until it is able to remedy the *force majeure* event. In addition, the losses to the Funds resulting from such *force majeure* event could be considerable. Certain force majeure events (such as war or an outbreak of an infectious disease, as in the case of COVID-19 discussed above) could have a broader negative impact on the world economy and international business activity generally, or in any of the countries where W&Co. may invest

specifically on behalf of the Funds. Additionally, a major governmental intervention into industry, including the nationalization of an industry, could result in a loss to the Funds. Any one or any combination of the foregoing may therefore adversely affect the Fund's economic performance.

#### Cybersecurity

W&Co., the Funds and their portfolio companies may face cybersecurity threats to gain unauthorized access to sensitive information, including, without limitation, information regarding the limited partners and the Funds' investment activities, or to render data or systems unusable, which could result in significant losses. If such events were to materialize, they could lead to losses of sensitive information or capabilities essential to the Firm's, a Fund's and/or a portfolio company's operations and could have a material adverse effect on their reputations, financial positions, results of operations, or cash flows, could lead to financial losses from remedial actions, loss of business, or potential liability, or could lead to the disclosure of investors' personal information.

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

#### Nature of Equity and Equity-Related Investments Recommended to the Funds

A substantial portion of the securities recommended by W&Co. will be in equity or equity-related investments that by their nature involve business, financial, market and legal risks. Such investments involve a high degree of risk that may result in substantial losses. There can be no assurance that W&Co. will correctly evaluate the nature and magnitude of the various factors that could affect the value of such investments. Prices of the Funds' investments can be volatile, and a variety of other factors that are inherently difficult to predict can significantly affect the results of the Funds' activities.

W&Co. may also recommend structured minority investments or special situation investments in companies where it may have limited formal influence and/or where the companies' economic or business interests or goals that are inconsistent with those of the Funds; and although W&Co. will seek to obtain appropriate shareholder rights in such companies, a Fund could be in a position where it is unable to limit or otherwise protect the value of its investment in the company.

#### Illiquidity of Investments

An investment in a Fund requires a long-term commitment with no certainty of return. It is unlikely that there will be near-term cash flow available to investors. Many of the Funds' investments are illiquid, and there can be no assurance that W&Co. 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 require a lengthy time period or may result in distributions in-kind to investors. Additionally, the Funds may acquire securities that cannot be sold except pursuant to a registration statement filed with the Securities and Exchange Commission or in accordance with certain private purchase rules. There can be no assurance that private purchasers can be found for the Funds' investments. Finally, in some cases the Funds could be

prohibited by contract from selling securities for a period of time.

#### *No Assurance of Investment Returns*

There can be no assurance that the operation of any Fund will be profitable, that any Fund will be able to avoid losses or that cash from a Funds' investments will be available for distribution to investors. Each Fund will have no source of funds from which to provide returns to investors other than income and gain received on its investments and the return of capital. In addition, while W&Co. intends to provide returns to investors in cash, it is possible that capital may be distributed in kind and could consist of securities for which there is no readily available public market.

#### *Contingent Liability on Disposition of Investments*

Most of the investments recommended to the Funds will involve private securities. In connection with the disposition of an investment in private securities, a Fund may be required to make representations about the business and financial affairs of the company typical of those made in connection with the sale of a business. In those circumstances, the Funds will likely be required to indemnify the purchasers of such investment to the extent that any such representations turn out to be inaccurate. These arrangements can result in additional liabilities that may ultimately be borne by the Funds.

#### *Restrictions of Transfer; No Market for Interests in the Funds*

Interests in the Funds will not be registered under either U.S. federal or state law and may not be transferred unless registered under applicable laws, or unless an exemption from such laws is available. No market exists for such interests, and none is expected to develop. Accordingly, interests in the Funds constitute illiquid investments and should only be purchased by persons that are able to bear the risk of their investment for an indefinite period of time.

#### *Investments in Middle Market Companies*

A significant component of the Funds' investment objectives is to invest in middle market companies. Although investments in middle market companies may present greater opportunities for growth, such investments often entail larger risks than are customarily associated with investments in larger companies. Middle market companies can have relatively limited product lines, markets, and financial and other resources. As a result, such companies will likely be more vulnerable to general economic trends and to specific changes in markets and technology. In addition, future growth could be dependent on additional financing, which may not be available on acceptable terms when required. Further, there is ordinarily a more limited marketplace for the sale of interests in smaller, private companies, which may make realizations of gains more difficult. In addition, the relative illiquidity of private equity investments generally, and the somewhat greater illiquidity of private investments in middle market companies, could make it difficult for the Funds to react quickly to negative economic or political developments.

#### *Risks Associated With Non-U.S. Investments*

Although the Funds intend to invest primarily in securities of U.S. issuers, they may from time to time invest in securities of non-U.S. issuers. Investing outside the United States sometimes involves substantially greater risks than investing in the United States. In particular, the value of the Funds' investments in non-U.S. securities can be significantly affected by changes in currency exchange rates, which can be volatile. Although the General Partner of a Fund may attempt to hedge against foreign currency exchange rate risks by utilizing spot and forward foreign exchange contracts, foreign currency options or other instruments, there can be no assurance that such General

Partner will be able to do so successfully or cost-effectively, and the General Partner may decide not to hedge against such risks or to do so only incompletely. Additional risks include: (i) risks of economic dislocations in the host country; (ii) less publicly available information; (iii) less well developed regulatory institutions; (iv) greater difficulty of enforcing legal rights in a foreign jurisdiction; (v) the possible imposition of non-U.S. taxes on income and gains recognized with respect to such securities and (vi) less developed corporate laws regarding, among other things, fiduciary duties and the protection of investors. Moreover, non-U.S. companies may not be subject to uniform accounting, auditing and financial reporting standards, practices and requirements comparable to those that apply to U.S. companies. Additionally, in some foreign countries, there is the possibility of expropriation of value, including through confiscatory taxation, limitations on the repatriation or sale of securities, property or other assets of the Funds, political or social instability or diplomatic developments, each of which could have an adverse effect on Fund investments in such foreign countries. While the General Partner of a Fund will take these factors into consideration in making investment decisions for such Fund, no assurance can be given that the General Partner will be able to evaluate these risks accurately.

#### Allocation of Investment Opportunities

In connection with its investment activities, W&Co. encounters situations in which it must determine how to allocate investment opportunities among various Funds and other persons, including portfolio companies of the Funds and co-investment vehicles that have been formed to invest side-by-side with one or more Funds. In such circumstances, W&Co. allocates such opportunities on a basis that W&Co. determines in good faith to be fair and equitable taking into account applicable investment allocation requirements, the sourcing of the transaction, the nature of the investment in relation to the activities, focus and target return profile of each applicable entity, the amounts of capital available for investment, confidentiality and/or other restrictions and other considerations deemed relevant by W&Co., in good faith.

#### Co-Investments

From time to time, W&Co. offers co-investment opportunities to, or otherwise causes the Funds to participate in co-investment opportunities with one or more Investors (or their beneficial owners), portfolio company management team members, consultants, advisors, persons who W&Co. believes will be of benefit to the particular Fund, one or more portfolio companies or may provide strategic, staffing or similar benefits to W&Co., the Funds or a portfolio company, investment funds sponsored by other persons, or any other third parties (collectively, "Co-Investors"). W&Co. has established procedures for allocating co-investment opportunities among Investors and may consider any factors it deems relevant, including, without limitation, the size, sophistication, tenure as an investor, commitment to making co-investment funds available, ability to consummate co-investments within a specified time frame, commitment to invest in future products, interest in pursuing co-investment opportunities, or strategic expertise of the prospective co-investor. Strategic Co-Investors may include prospective investors that W&Co. believes will be of benefit to a Fund or the relevant portfolio company, or who may provide a strategic, sourcing, or similar benefit to W&Co., such Fund, such portfolio company, or one or more of their respective affiliates (including, without limitation, private equity funds sponsored by others in so-called "club deals," through joint ventures or other entities). No Investor should have any expectation of receiving any co-investment opportunity or be owed any duty or obligation in connection therewith. To the extent agreed upon by Co-Investors, W&Co. and/or its affiliates may earn carried interest, receive a management fee, and/or retain transaction fees or portfolio monitoring fees allocated to co-investors that will not reduce the compensation paid to W&Co. by any Fund. W&Co., or any of its



affiliates may make an investment, or otherwise participate, in any co-investment entity. In order to facilitate the acquisition of a portfolio company, a Fund may make (or commit to make) an investment in such company with a view to selling a portion of such investment to co-investors or other persons prior to or within a brief period after the closing of the acquisition. In such event, such Fund will bear the risk that any or all of the excess portion of such investment may not be sold or may only be sold on unattractive terms and that, as a consequence, such Fund may bear the entire portion of any break-up fee or other fees, costs, and expenses related to such investment, hold a larger than expected investment in such portfolio company, or may realize lower than expected returns from such investment. In most cases, Co-Investors will not agree to pay or otherwise bear fees, costs, or expenses related to unconsummated co-investments, such as break-up fees or broken deal expenses. Such fees, costs, and expenses that are not borne by co-investors will be considered operating expenses of and be borne by the applicable Fund.

The commitment of Co-Investors to a portfolio company may be substantial, and such investments may involve risks not present in investments where such Co-Investors are not involved. Co-Investors will typically bear their *pro rata* share of fees, costs, and expenses related to the discovery, investigation, development, acquisition, or consummation, ownership, maintenance, monitoring, hedging, and disposition of their co-investments. Further, it is possible that a Co-Investor may experience financial, legal, or regulatory difficulties, may at any time have economic, tax, or business interests or goals that are inconsistent with those of the applicable Fund, may take a different view from such Fund as to the appropriate strategy for an investment, or may be in a position to take action contrary such Fund's investment objectives. Additionally, a Fund's position could also be diluted or subordinated by subsequent investments of Co-Investors. Finally, a Fund could, in certain circumstances, be liable for the actions of its Co-Investors.

#### Side Letters

The General Partner of a Fund and W&Co. are generally permitted to, and do, enter into "side letters" or other similar agreements with certain Investors in connection with their admission to such Fund without the approval of any other Investor. Such side letters or other similar agreements alter and/or supplement the terms of the Fund's Governing Documents in a manner that makes the terms applicable to such Investors more favorable than those applicable to other Investors.

Except as otherwise agreed with an Investor, neither the General Partner of a Fund nor W&Co. has an obligation to give Investors notice of any side letters entered into. However, subject to confidentiality obligations, the General Partner and/or W&Co., upon request, make available copies of all side letters or a compendium containing the provisions of any such side letters, that are generally redacted of any identifying information, pursuant to a "most favored nations" provision.

#### Transactions with Investors

W&Co. and/or its subsidiaries may utilize research, custodial, insurance or other services from providers that are affiliated with Investors in Funds managed by W&Co.. In all such instances, these service agreements are negotiated at arm's length and W&Co. does not receive reduced or discounted fees and fee arrangements.

The Firm's senior partners and other employees of W&Co. and its affiliates, from time to time, serve on the boards or committees of institutions of higher education, charitable organizations or non-profit or for-profit institutions or organizations that are Investors in Funds managed by W&Co. or affiliated with Investors. In all such instances, the Investor's investment in the Fund is made on

the same terms applicable to other Investors in such Fund.

*Portfolio Company Services*

From time to time, W&Co. engages portfolio companies to perform services for W&Co., the Funds or recommends services of one portfolio company of the Funds to another portfolio company of the Funds. Any such services will be provided on an arm's length basis.

## Item 9: Disciplinary Information

There currently are no material legal or disciplinary events that are material to a client's or an Investor's evaluation of W&Co.'s advisory business or the integrity of W&Co.'s management.

## Item 10: Other Financial Industry Activities and Affiliations

Neither W&Co. nor any of its management persons is registered, or has an application pending to register, as (i) a broker-dealer or a registered representative of a broker-dealer or (ii) a futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities.

As noted in Item 4 “Advisory Business” of this Brochure, the General Partners are affiliated with W&Co. and serve as the general partners of the Funds.

Also as noted in Item 4, PWM is a subsidiary of, and controlled by, W&Co. and is the entity that is the designated investment manager to the Funds. W&Co., as the managing member of PWM, has sole discretion over its management and day-to-day operations. PWM does not have employees of its own and was established as a special purpose subsidiary of W&Co. In addition, pursuant to written investment management agreements, PWM contractually delegated all investment advisory functions with respect to the Funds to W&Co. Pursuant to a Separation and Services Agreement, W&Co. has hired EagleTree, in a subadvisory capacity, to provide investment advisory and other support services to W&Co. and the Funds. EagleTree, a separately registered investment adviser, and W&Co. are related persons because, although the legal ownership of the entities is different, W&Co. and EagleTree share certain officers and directors who provide advisory services on behalf of both W&Co. and EagleTree. In addition, certain other employees of W&Co. and EagleTree are also dual-hatted personnel who perform certain services for both investment advisers. W&Co. and EagleTree operate under a shared compliance program due to their overlapping supervised persons and advisory functions with respect to the Funds and their underlying investments. The shared compliance policies and procedures ensure, among other things, that any dual-hatted supervised persons allocate their time in the best interest of the Funds and fulfill their applicable fiduciary duties as appropriate. Any conflicts associated with the allocation of investment opportunities between the Funds managed by W&Co. and the EagleTree funds are outlined in the Funds’ Governing Documents, as applicable.

W&CO, EagleTree and Wasserstein Debt Opportunities Management, LP (“WDO”), a separately registered investment adviser, share office space in New York, New York. WDO is not a related person of either W&CO or EagleTree. WDO’s clients generally invest in high yield bonds and leveraged loans, which differ from the Funds’ targeted investments, however, the shared office space among the three advisers, presents potential conflicts related to the sharing of confidential information. The three advisers do not believe that these potential conflicts will be material, but have nonetheless taken steps to mitigate them. WDO has a separate compliance program and does not share any supervised persons with W&Co. and EagleTree. To mitigate potential conflicts regarding the shared office space W&Co., EagleTree and WDO have implemented an Information Barrier Policy governing, among other things, communication between employees of W&Co., EagleTree and WDO; shared conference rooms and other common areas; printers and fax machines; and other shared office resources. The Information Barrier Policy is overseen and enforced by the CCO of W&Co. and EagleTree and the CCO of WDO, who meet on a quarterly basis to review the adequacy and effectiveness of the policy. To further mitigate potential conflicts regarding the potential flow of information among W&Co., EagleTree and WDO, all three advisers maintain a common restricted list that applies to each of their respective securities trading policies.

Related persons of W&Co., from time to time, serve as directors and officers of, and provide advice to, publicly traded companies, private companies, partnerships and debt and equity investment

vehicles. Investors should be aware that receipt of material non-public information by W&Co.'s related persons regarding these companies and other entities could preclude W&Co. from effecting transactions in the securities of such companies or other entities. Any compensation received by W&Co.'s employees for directorships with portfolio companies of the Funds will be deemed to be "Transaction Fees" and will reduce the Management Fees otherwise payable by the applicable Fund (as described in the Part 5 "Fees and Compensation" of this Brochure).

W&Co., from time to time, utilizes the services of entities that have, directly or indirectly, or whose affiliates have, investments in the Funds. Such services are only used on an arm's length basis and when W&Co. determines they are in the best interest of the Funds.

Other than described above, W&Co. does not recommend or select other investment advisers for the Funds.

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

As an investment adviser, W&Co. stands in a position of trust and confidence with respect to its Funds. W&Co. has a fiduciary duty to place the interests of its Funds before its own interests and the interests of its employees. All of W&Co.'s personnel must put the interests of the Funds before their own personal interests and must act honestly and fairly in dealings with the Funds. All of W&Co.'s personnel must also comply with all U.S. federal and other applicable securities laws. W&Co. has established a Code of Ethics to establish these rules of conduct for its personnel.

As part of its Code of Ethics, W&Co. has adopted a personal trading policy requiring all personnel to disclose all holdings in personal trading accounts to the CCO upon being hired and, thereafter, to provide detailed annual holdings reports. Personnel are also required to pre-clear personal securities transactions and to provide relevant brokerage feeds to the CCO through W&Co.'s compliance management platform on a monthly basis and if such reports cannot be provided on a direct electronic basis, then to provide brokerage statements on a quarterly basis directly to the CCO. W&Co. also maintains a list of companies about which a determination has been made to restrict trading activity by W&Co. and/or its personnel. Generally, an employee may not trade securities of a company included on this list; however, exceptions may be granted under certain circumstances if pre-clearance is granted (e.g., during a "window period" of a public company).

W&Co. has also adopted policies regarding outside activities of employees, conflicts of interest, the prevention of insider trading, certain gifts and business entertainment items, and the pre-clearance and reporting of political contributions. W&Co.'s Code of Ethics is designed to promote the ethical behavior of all of its personnel and to ensure compliance with applicable regulation and best practices.

W&Co. will provide a copy of its Code of Ethics to any Investor or potential Investor upon request.

W&Co. does not generally recommend to the Funds, or buy or sell for Fund accounts, securities in which W&Co. or a related person has a material financial interest.

As permitted in the Funds' Governing Documents, the General Partners of the Funds, may co-invest alongside the Funds, provided that the co-investment will be made and disposed of on the same economic terms and conditions as Funds' investments. The terms of the applicable Fund's partnership agreement typically limit the portion of the investment available to the General Partner and/or its affiliates (unless the applicable Fund has already invested over 20% of its total committed capital in the investment, in which case any further investment opportunity may be offered to General Partner). W&Co. believes that this limitation adequately mitigates any risk of conflict of interest that could arise with respect to such co-investment by the General Partners and/or their affiliates. W&Co. generally does not allow employees to invest their personal accounts in the same securities recommended to the Funds.

With respect to potential conflicts of interest any nature arising with respect to a Fund, W&Co. consults with the Advisory Board, comprised of Investor representatives, of such Fund. Any decision of the Advisory Board with respect to any potential conflicts of interest between W&Co. and its affiliates, on the one hand, and the applicable Fund or a portfolio company thereof, on the other hand, are binding on the Fund and the Investors therein.

## Item 12: Brokerage Practices

Due to the nature of the Funds' investment strategy, W&Co. expects substantially all investments in the Funds to be privately negotiated directly with the counterparty. As such, W&Co. does not anticipate utilizing brokers or dealers regularly in connection with the Funds. In rare cases where W&Co. determines to utilize a broker or a dealer to transact on behalf of a Fund, W&Co. shall evaluate such broker or dealer based on a range of factors, including without limitation commission price, willingness to commit capital, ability to execute the desired transaction and other factors.

W&Co. employs a parallel fund structure for the Funds for tax and/or other purposes. All Fund entities participating in the same investment program will make investments on an aggregated basis and the investments will then be allocated among such Fund entities *pro rata* based on committed capital.

### **Item 13: Review of Accounts**

As noted above, W&Co. focuses on investments primarily in private equity. All investments are carefully reviewed and approved, before being made, by W&Co.'s Investment Committee, which is comprised of the Firm's senior investment professionals. The progress of all portfolio companies is monitored on a regular ongoing basis. W&Co. is also closely involved in the management of its portfolio companies, including by its investment professionals generally holding seats on their boards of directors. This involvement allows W&Co. to continuously review the progress of its various investments. W&Co.'s Valuation Committee reviews the valuation of W&Co.'s investments quarterly in accordance with its Valuation Policy.

W&Co. provides each Investor with information regarding the applicable Fund and its portfolio companies, as well as unaudited financial statements for the applicable Fund, on a quarterly basis and audited financial statements on an annual basis, in each case, in accordance with the Governing Documents of such applicable Fund. In addition, W&Co. regularly provides Investors with Fund and portfolio company updates.



## **Item 14: Referrals and Other Compensation**

In certain circumstance, W&Co. will, pursuant to a written agreement, pay cash consideration for solicitation activities to third parties. W&Co. will pay such consideration in compliance with applicable SEC rules and other laws and regulations that may be in effect from time to time.

As discussed under Item 5 “Fees and Compensation” of this Brochure, “Transaction Fees” are, in certain circumstances, be paid to W&Co.-affiliated parties by a portfolio company.

## **Item 15: Custody**

W&Co. and each General Partner, with respect to its applicable Fund, are deemed by applicable regulatory rules to have constructive custody of the assets of the Funds. W&Co., the General Partners and their respective affiliates do not serve as the qualified custodian of any of the assets owned by the Funds. To the extent required, the assets of the Funds are held in custody by unaffiliated qualified custodians.

Investors will not receive statements from such custodians. W&Co. satisfies the applicable regulatory requirements related to custody by, among other things, ensuring that each Fund is subject to an annual audit by an independent accounting firm that is registered, and subject to regular inspection, by the Public Company Accounting Oversight Board. Each Fund's audited financial statements are prepared in accordance with generally accepted accounting principles and distributed to such Fund's Investors within 120 days of such Fund's fiscal year end.

## **Item 16: Investment Discretion**

The Governing Documents of each Fund grant W&Co. and the General Partners, as applicable, complete discretionary authority to implement investment decisions on behalf of such Fund and the authority to utilize a broad range of investment vehicles, in each case, in accordance with the investment objectives and investment mandates of each Fund, without obtaining specific consent from the Investors. Any limitations on such authority are included in each Fund's Governing Documents and/or "side letters" or other similar agreements entered into with certain Investors.

## **Item 17: Voting Client Securities**

W&Co. has full authority to vote the Funds' securities. Due to the Funds' investment strategy and the nature of interests generally recommended by W&Co., W&Co. does not anticipate frequently holding public securities with voting authority on behalf of its Funds.

If the Funds do hold public securities with voting authority, W&Co. shall determine to vote in the best interests of the Funds. W&Co. frequently takes an active role in the management of its portfolio companies. Therefore, W&Co. will generally vote with management. However, in certain situations (e.g., a special situation in which W&Co. does not have a majority stake), W&Co. may vote against management. W&Co. will maintain a log of all proxies received, how W&Co. voted and the rationale for the vote.

## **Item 18: Financial Information**

W&Co. has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage the Funds. W&Co. does not require or solicit prepayment of Management Fees six months or more in advance.