

FORM ADV PART 2A: FIRM BROCHURE

ITEM 1. COVER PAGE

Five Elms Capital Management, LLC

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Important Disclosure:

This brochure (“Brochure”) provides information about the qualifications and business practices of Five Elms Capital Management, LLC and its affiliates (“Five Elms” or the “Firm”). If you have any questions about the contents of this brochure, please contact us at (913) 953-8960. 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 securities authority.

Additional information about the Firm is available on the SEC’s website at www.adviserinfo.sec.gov.

Please note that registration as an investment adviser with the SEC does not imply any level of skill, training or ability with respect to the provision of investment advisory services. The oral and written communications of an investment adviser provide you with information through which you determine to hire or retain an investment adviser.

ITEM 2. MATERIAL CHANGES

This Brochure, dated March 2020, has been prepared by Five Elms and supersedes the prior version of this brochure, dated March 29, 2019 (the “Prior Version”).

There have been no material changes since the Prior Version.

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ITEM 4. ADVISORY BUSINESS

- A. Five Elms is a Delaware limited liability company that was formed in June 2007. The Firm's principal owner is Five Elms Capital, LLC, which in turn is wholly owned by Frederick Nathan Coulson IV ("Mr. Coulson").
- B. The Firm provides investment advisory services to pooled investment vehicles (each a "Fund" and collectively, the "Funds"). The Funds rely on an exemption from registration under the Investment Company Act of 1940, as amended (the "Investment Company Act"), pursuant to Section 3(c)(1) or 3(c)(7). Five Elms provides discretionary investment management services to the Funds in accordance with the applicable limited partnership agreements, offering memoranda and other such agreements (the "Offering Documents").

The Firm's primary investment objective is to generate long-term capital gains. The Firm primarily focuses on making private equity and venture capital investments in rapidly growing capital-efficient businesses (each a "Portfolio Company," and collectively, the "Portfolio Companies").

Five Elms is affiliated with other entities that are general partners (each a "General Partner" and collectively the "General Partners" to the Funds). The General Partners delegate day-to-day management responsibilities for the Funds to Five Elms but will retain discretion over certain policy-making and oversight functions with respect to the investment program of the Funds and the decision whether to acquire or dispose of investments in Portfolio Companies. The advisory services of Five Elms and of the General Partners are described in this Brochure and in the Offering Documents. The information set forth herein regarding the investment advisory services provided by Five Elms shall also apply in respect of the General Partners unless specifically noted.

- C. Five Elms does not expect to tailor advisory services to the individual or particular needs of the investors in the Funds. Such investors accept the terms of advisory services as set forth in each Offering Documents. The Firm expects to have broad investment authority with respect to the Funds and, as such, investors should consider whether the investment objectives of the Funds are in line with their individual objectives and risk tolerance prior to investing.
- D. Five Elms does not participate in wrap fee programs.
- E. As of December 31, 2019, Five Elms manages \$698,986,118 in regulatory assets on a discretionary basis. The Firm does not manage any assets on a non-discretionary basis.

ITEM 5. FEES AND COMPENSATION

- A. Five Elms' fees and compensation arrangement may vary among the Funds. The specific terms of such arrangements are established by Five Elms, and as set forth in each Fund's Offering Documents. The Firm generally charges a management fee, payable quarterly or semi-annually in advance, equal to 2.0% annually of aggregate investor commitments commencing upon the initial closing date through the expiration of the investment period, as further disclosed in each Fund's Offering Documents. Thereafter, the management fee will equal the product 2.0% annually multiplied by the aggregate cost basis of investments held by each Fund, determined with respect to the last day of the calendar year immediately preceding the identified period disclosed in each Fund's Offering Documents. The Firm may, at its discretion, waive or reduce such fees for certain investors. The Firm may receive compensation or deal fees with respect to certain of its underlying portfolio investments, and such compensation will reduce the management fee owed by the Funds to the Firm. A more complete description of the treatment of compensation or deal fees can be found in each Fund's Offering Documents. The Firm will also be eligible to receive a performance-based profit allocation ("Carried Interest") with respect to realized investments. Any pooled investment vehicles that operate as co-investment vehicles may be subject to a management fee and Carried Interest as fully disclosed in each vehicle's co-investment documentation.

Funds that Five Elms may advise in the future may be subject to different fee arrangements as will be provided for in each future Fund's respective Offering Documents.

- B. Five Elms generally deducts the management fee from Fund accounts quarterly or semi-annually in advance, as further disclosed in each Fund's Offering Documents.
- C. In addition to the management fees described above, each Fund is responsible for certain of its operating expenses as disclosed in each Fund's Offering Documents. These expenses include but are not limited to: organizational expenses of the Funds (including the out-of-pocket expenses of the Firm and the General Partners incurred in connection with the formation of the Funds, up to certain amounts as detailed in the Offering Documents); third-party costs and expenses, including all costs and expenses incurred in identifying, investigating, developing, negotiating, structuring, acquiring, sourcing, trading, settling, monitoring, tracking and holding portfolio investments (whether or not consummated), legal, tax, accounting and travel expenses in connection therewith, as further disclosed in each Fund's Offering Documents; costs and expenses of third party appraisals of prospective portfolio investments (whether or not consummated); broken deal expenses; brokerage fees and commissions and prime brokerage fees, custodial expenses, agent bank and other bank service fees and other investment costs; payments to legal counsel, tax advisors, auditors, accountants, administrators, custodians, consultants and other outside advisors; expenses of the "Advisory Committee" (as described in the Offering Documents) attributable to the Funds; costs and expenses in connection with the Funds' legal and regulatory compliance with U.S. federal, state, local, non-U.S. or other laws and regulations applicable to the Funds; insurance; market data costs; research-related expenses, software and services; other expenses related to the purchase, monitoring, sale, settlement, custody or transmittal of Fund assets; costs of any investigation, litigation or threatened litigation relating to the business or activities of the Funds or the Firm; indemnification obligations; interest and other expenses for borrowed money;

taxes, fees or government charges that may be assessed against the Funds; any extraordinary expense of the Funds, including fees and expenses associated with any tax or other audit, investigation, settlement or review of the Funds; liquidation expenses of the Funds; expenses of annual and special meetings of the General Partners and investors of the Funds; costs of preparing financial statements and reports and delivering the same to the investors, including but not limited to web portal and other technology costs, as well as tax returns and Schedule K-1s; and all other expenses properly chargeable to the activities of the Funds and, to the extent any such costs or expenses are paid by the Firm, the General Partners or their affiliates, as the case may be, shall be reimbursed by the Funds.

Moreover, each Fund shall be charged with all costs and expenses pertaining to the offering and sale of limited partnership interests to prospective investors and the organization of each Fund and the Firm, as disclosed in each Fund's Offering Documents ("Organizational Expenses"). Any Organizational Expenses (excluding placement fees) in excess of \$850,000 paid by each Fund, together with any placement fees paid by each Fund, shall offset any management fees.

- D. Generally, the Funds are expected to pay management fees, in advance, on a quarterly basis or semi-annual basis, as further disclosed in each Fund's Offering Documents. In the unlikely event that Five Elms does not provide services for a full period, or if accounts are terminated according to the terms set out in each Fund's Offering Documents, before the end of the relevant period, a pro-rated fee will be returned to the Fund.
- E. Neither Five Elms nor any of the Firm's supervised persons will accept compensation for the sale of securities or other investment products.

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

As mentioned in Item 5 of this Brochure, the Firm intends to receive performance-based fees, in the form of Carried Interest from the Funds. Five Elms is entitled to receive Carried Interest distributions from the Funds based on realized gains from investments, generally above a performance benchmark as described in each Fund's Offering Documents.

Carried Interest distributions may create an incentive for the Firm to cause the Funds to make investments which may be riskier or more speculative than those which would be made under a different fee arrangement. However, the Firm is committed to fulfilling its fiduciary duty to the Funds to act at all times in the best interest of the Funds. To this end, the Firm has implemented internal controls to address the potential conflicts associated with Carried Interest.

All Carried Interest are charged in accordance with Rule 205-3 of the Advisers Act, whereby each investor that is charged a performance fee must be a "Qualified Client." To be considered a Qualified Client, an individual must have a net worth of \$2.1 million (excluding their primary residence) or have at least \$1 million of assets under management with Five Elms.

ITEM 7. TYPES OF CLIENTS

As further described in Item 4 of this Brochure, the Firm currently provides investment advice to the Funds, which will be private fund investment vehicles that are exempt from registration under the Investment Company Act. These Funds will be limited to individuals and entities that meet the criteria of “accredited investors” and/or “qualified purchasers”.

Prospective investors should refer to the Offering Documents of each respective Fund for information on minimum investment requirements. Typically, Five Elms will require a minimum investment of up to \$250,000, depending on the specific Fund; although, Five Elms maintains discretion to individually waive, increase or reduce the minimum investment required.

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

- A. Five Elms seeks to invest in fast-growing B2B software businesses outside of Silicon Valley. These investments will be made primarily in equity and/or debt securities with equity-like features in growing private companies.

Five Elms spends a considerable amount of time sourcing deals and maintaining a vast outreach program. The overall process allows the Firm to focus its efforts on the most interesting business opportunities.

A full description of the Firm's investment strategy and processes are included in each of the Fund's Offering Documents.

- B. *Listed below are some of the risks associated with an investment in the Funds. The following explanation of certain risks is not exhaustive, but rather highlights some of the more significant risks involved in the Funds' investment strategies. For a complete explanation of the Funds' relevant investment strategies and their associated risks, investors should review the relevant Offering Documents, which may contain additional explanations of strategies, risks and other related details not discussed below.*

Risks Associated with Portfolio Investments. Identifying and participating in attractive investment opportunities and assisting in the building of successful growth companies is difficult. There is no assurance that the Funds' investments will be profitable and there is a substantial risk that the Funds' losses and expenses will exceed its income and gains. There generally will be little or no publicly available information regarding the status and prospects of Portfolio Companies. Many investment decisions by the Firm will be dependent upon the ability of its partners and agents to obtain relevant information from non-public sources, and the Firm often will be required to make decisions without complete information or in reliance upon information provided by third parties that is impossible or impracticable to verify. The marketability and value of each investment will depend upon many factors beyond the Firm's control.

Portfolio Companies can have substantial variations in operating results from period to period, face intense competition, and experience failures or substantial declines in value at any stage. New technological developments can have a negative effect on a portfolio company's products and business. Portfolio Companies can need substantial additional capital to support growth or to achieve or maintain a competitive position. Such capital may not be available on attractive terms. Each Fund's capital is limited and may not be adequate to protect the Fund from dilution in multiple rounds of Portfolio Company financings. The public market for financial services and related companies and other growth companies is extremely volatile. Such volatility can adversely affect the development of Portfolio Companies, the ability of the Funds to dispose of investments, and the value of investment securities on the date of sale or distribution by the Funds. An otherwise successful Portfolio Company can yield poor investment returns if it is unable to consummate an initial public offering at the proper time. Even if a Portfolio Company effects a successful public offering, each Fund or the Portfolio Company's securities typically will be subject to contractual "lock-up," securities law or other restrictions, which can, for a material period of time, prevent each Fund or the investors from

disposing of such securities. The securities in which each Fund will invest can be among the most junior in a Portfolio Company's capital structure and, thus, subject to the greatest risk of loss. Generally, the investments made by each Fund will be illiquid and difficult to value, and there will be little or no collateral to protect an investment once made. In most cases, investments will be long term in nature and can require many years from the date of initial investment before disposition. It is likely that the Fund will still hold some illiquid securities at the time of the Fund's dissolution, with the result that such securities can be distributed in-kind or sold for a discounted price that reflects their illiquid nature.

Limited Transferability of Interests; Withdrawals. An investment in the Funds should be viewed as illiquid. The Offering Documents and applicable securities laws will impose substantial restrictions upon the transferability of Fund interests. There is no public or other market for Fund interests, and it is not expected that such a market will develop. Withdrawal of investors from the Funds generally will not be permitted, although the Offering Documents may specify certain circumstances under which an investor may be entitled, or required, to withdraw from the Funds. A withdrawn investor may not be entitled to immediate payment for its interest in the Funds. Any withdrawal of an investor can reduce the amount of Funds' capital available for investment or other activities.

Bridge Financings. From time to time, the Funds lends to Portfolio Companies, including on a short-term, unsecured basis in anticipation of a future issuance of equity or long-term debt securities. Such bridge loans would typically be convertible into a more permanent, long-term security; however, for reasons not always in the Funds' control, such long-term securities may not issue and such bridge loans may remain outstanding. In such an event, the interest rate on such loans may not adequately reflect the risk associated with the unsecured position taken by the Funds.

Leverage. Although the Funds do not intend to borrow except on a short-term basis, Portfolio Companies in which the Funds invest may borrow without limitation. While leverage presents opportunities to increase the Funds' total return, it has the effect of potentially increasing losses as well. If the income of such Portfolio Companies is less than the required interest payments on the borrowings, the value of the Portfolio Companies, and thus of the Funds' net assets, can decrease or, in extreme cases, the lender could foreclose on the portfolio company and the Funds could suffer a total loss. In certain cases and subject to the applicable limitations in the Offering Documents, the Funds can guarantee borrowings by Portfolio Companies. Such guarantees could result in additional losses for the Funds with respect to such portfolio companies and could cause the Funds to reserve cash to support such guarantees that it might otherwise use for different purposes. Accordingly, any event that adversely affects the value of an investment by the Funds can be magnified to the extent that a Portfolio Company in which the Funds invest is leveraged.

Competition. The growth equity business is highly competitive and has become more so in recent years due to a substantially increased flow of capital into venture capital and growth equity funds and similar investment organizations. The Fund and Five Elms will be competing with other established funds and investment organizations with substantial resources and experience. Moreover, the volume of attractive investment opportunities varies greatly from

period to period. There can be no assurance that the Funds will be able to make investments on attractive terms, and it is possible that each Fund's term will expire before the Fund has invested all of its available capital.

Reliance on Individuals of the Firm. The Funds will be particularly dependent upon the efforts, experience, contacts, and skills of the individual employees of the Firm and in particular Mr. Coulson. The loss of any such individual could have a material, adverse effect on the Funds, and such loss could occur at any time due to death, disability, resignation or other reasons. Moreover, except as specifically provided in the Offering Documents, Mr. Coulson will not be required to devote his time and attention exclusively to the Funds and will be engaged in some activities unrelated to the Funds, including but not limited to his role as Chairman of Spring Insurance Solutions, LLC, as well as successor Funds permitted to be formed during the terms of the Funds. Additional employees of the Firm can be admitted following the Funds' initial closing and the investors will have no power to prevent any specific person from being admitted to the Firm. Within the Firm, the economic, voting and other rights of the individual employees of the Firm will be determined by agreement among such employees and will be subject to change, without notice to the investors, from time to time. The investors will not be permitted to evaluate investment opportunities or relevant business, economic, financial or other information that will be used by the Firm in making decisions. Except as specifically provided in the Offering Documents, the Firm will have the exclusive right and power to manage each Fund's business and affairs.

Any prior experience that employees of the Firm may have in making investments of the type expected to be made by the Funds necessarily was obtained under different market conditions, in a different regulatory environment and with different technologies at the forefront of development. There can be no assurance that employees of the Firm will be able to duplicate prior levels of success.

Five Elms has the ability to appoint or admit certain persons to advisory or other committees or boards intended to assist the Firm by providing advice, industry contacts, deal flow, technical expertise or other benefits. Under most circumstances, such persons will have no contractual or other obligation to continue as members of such committees or boards or to provide any particular benefits. In evaluating an investment in the Funds, prospective investors should not depend upon any specific benefits accruing to the Firm or the Funds in respect of any such advisory or other committees or boards or the members thereof. Similar considerations apply to persons identified as operating partners, operating advisors, entrepreneurs-in-residence or venture partners, who generally will have no obligation to provide any particular services to the Firm or the Funds.

Reliance on Third Parties. Five Elms and the Funds will require, and rely upon, the services of a variety of third parties, including but not limited to attorneys, accountants, brokers, custodians, consultants, and other agents. Failure by any of these third parties to perform their duties or otherwise satisfy their obligations to the Funds could have a material adverse effect upon the Funds.

Capital Calls. Capital calls will be issued by the Fund from time to time at the discretion of the Firm, based upon the Firm's assessment of the needs and opportunities of the Funds. To satisfy such calls, investors may need to maintain a substantial portion of their capital commitments in assets that can be readily converted to cash. Except as specifically set forth in the Offering Documents, each investor's obligation to satisfy capital calls will be unconditional. Without limitation on the preceding sentence, an investor's obligation to satisfy capital calls will not in any manner be contingent upon the performance or prospects of the Funds or upon any assessment thereof provided by the Firm. Notwithstanding the foregoing, Five Elms will not be obligated to call 100% of the investors' capital commitments during each Fund's term.

Software Companies Often have Global Exposure. Many software companies that the Funds have the ability to invest in have a global footprint and will have international customers and operations.. Such investments can present a variety of risks not presented by investments in other industries, including risks associated with: (i) fluctuating currency exchange rates; (ii) limitations on currency exchange or the transfer of capital/profits across international boundaries; (iii) different accounting standards; (iv) different legal protections for investors; (v) unusual regulatory burdens; (vi) political instability; and (vii) multiple taxing jurisdictions.

Investments in Public Companies. Some of the Funds' Portfolio Companies may become public companies following an initial public offering. Investments in public companies subject the Funds to risks that differ in type or degree from those involved with investments in privately held companies. Such risks include, without limitation, greater volatility in the valuation of such companies from quarter to quarter, increased obligations to disclose information regarding such companies, limitations on the ability of the Funds to dispose of such securities at certain times (including due to the possession by the Funds or the Firm of material non-public information or trading restrictions applicable to representatives of the Firm serving on the board of directors and, by extension, the Funds), increased likelihood of shareholder litigation against such companies' board members, which may include representatives of Five Elms, regulatory action by the SEC and increased costs associated with each of the aforementioned risks.

Projections. Projected operating results of a company in which the Funds invest normally will be based primarily on financial projections prepared by each company's management. In all cases, projections are only estimates of future results that are based upon 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, the inaccuracy of certain assumptions, general economic conditions, and other factors, which are not predictable, can have a material impact on the reliability of projections.

Parallel Funds. The Firm intends to establish parallel investorships ("Parallel Funds") to address the needs of certain investors or to address other tax or regulatory issues, including compliance with the Investment Company Act. The Funds may exit an investment in an investment by a sale or disposition of the securities of such investment while Parallel Funds may exit an investment in the same investment by a sale or other disposition of securities of a

“blocker” corporation that holds the securities of such investment. Moreover, Parallel Funds may, in certain circumstances pursuant to its investors’ written policies or guidelines, be required to sell all or a portion of its interest in an investment prior to each Fund’s disposition of such investment. Any such early disposition by a Parallel Fund could have an adverse effect on the investment and each Fund’s interest in such investment.

Epidemic Outbreak. An epidemic outbreak and reactions to such an outbreak could cause uncertainty in markets and businesses, including Five Elms’s business, and may adversely affect the performance of the global economy, including causing market volatility, market and business uncertainty and closures, supply chain and travel interruptions, the need for employees and vendors to work at external locations, and extensive medical absences. Five Elms has policies and procedures to address known situations, but because a large epidemic may create significant market and business uncertainties and disruptions, not all events that could affect Five Elms’s business and/or the markets can be determined and addressed in advance.

Business Continuity and Disaster Recovery Risks. The Firm business operations may be vulnerable to disruption in the case of catastrophic events such as fires, natural disaster, terrorist attacks or other circumstances resulting in property damage, network interruption and/or prolong power outages. Although the Firm has implemented, or expects to implement, measures to manage risks relating to these types of events, there can be no assurances that all contingencies can be planned for. These risks of loss can be substantial and could have a material adverse effect on the Firm and investments therein.

Cybersecurity and Systems Risks. Five Elms relies on computer programs, networks, devices and systems (and may rely on new systems and technology in the future) in connection with the Funds’ investment activities. These programs or systems may be subject to certain defects, failures, interruptions or security breaches, including, but not limited to, those caused by computer “worms,” viruses, power failures and social engineering schemes such as “phishing,” each of which could result in a loss to the Funds.

Five Elms’ operations are dependent on each of these systems and the successful operation of such systems is often out of the Firm’s control. Any such defect, failure or breach could have a material adverse effect on the Funds, the Firm and their affiliates. Cybersecurity breaches can cause (i) disruptions and impact business operations, potentially resulting in financial losses to the Funds; (ii) the inability of the Firm and other service providers to transact business; (iii) violations of applicable privacy and other laws; (iv) regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs; as well as (v) the inadvertent release of confidential or sensitive information.

ITEM 9. DISCIPLINARY INFORMATION

There have been no legal or disciplinary events involving either Five Elms or any of its management persons that are material to the Firm's advisory business.

ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

- A. Neither Five Elms nor any of its management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither Five Elms nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.
- C. Mr. Coulson acts in the capacity of Chairman of Spring Insurance Solutions, LLC (“Spring Insurance”). Spring Insurance (dba United Medicare Advisors) offers products and services independent of Five Elms; therefore, this relationship does not present any material conflicts of interest to the Funds. Should an actual or potential conflict arise in the future, Five Elms will adopt policies and procedures to manage, mitigate and/or disclose the conflict accordingly.

Also, as noted in Item 4 above, the General Partners, affiliates of the Adviser, are the general partners of the Funds.

- D. Five Elms does not recommend or select other investment advisers for its Funds.

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

- A. Through Five Elms' service as an investment adviser, there may arise many potential conflicts of interest, including, but not limited to, those identified below. Five Elms adopts and continues to adopt, policies and procedures to address such potential conflicts of interest. Five Elms has adopted a Code of Ethics (the "Code"), which describes the Firm's fiduciary duties and responsibilities to its Funds, requires that the Firm's employees act in the best interests of the Funds to the exclusion of contrary interests, act in good faith and in an ethical manner, avoid conflicts of interest with the Funds to the extent reasonably possible, and identify and manage conflicts of interest to the extent that they arise. Five Elms' employees are also required to comply with applicable provisions of the federal securities laws and make prompt reports to the Firm or other appropriate party of any actual or suspected violations of such laws by Five Elms or its employees. Initially, upon hire, and on an annual basis thereafter Five Elms requires that all employees certify to their receipt, review, understanding, and compliance with the provisions of the Firm's Code.

In addition, the Code sets forth formal policies and procedures with respect to the personal securities trading activities of the Firm's employees. The Code prohibits personal securities transactions of issuers who have been placed on the Firm's restricted list and requires written pre-approval for any interest in a limited offering, initial public offering ("IPO"), interest in a private fund (i.e., hedge fund or private equity fund) and interest in a private company. The Code requires employees to report all securities transactions on a quarterly basis and provide a summary of securities holdings initially upon hire and on an annual basis thereafter. The Code also addresses outside activities of employees, conflicts of interest, policies and procedures concerning the prevention of insider trading, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and the pre-clearance and reporting of political contributions. Five Elms will provide a complete copy of the Code to any client or prospective client upon request sent to the Chief Compliance Officer ("CCO"), Kalie McCollaugh at kalie@fiveelms.com.

- B. Neither Five Elms nor any of the Firm's related persons recommends to its Funds, or buys or sells for Fund accounts, securities in which Five Elms or the Firm's related person has a material financial interest.
- C. Neither Five Elms nor any of the Firm's related persons invest in the same securities that Five Elms or the Firm's related persons recommends to its Funds.
- D. Neither Five Elms nor any of the Firm's related persons recommend securities to its Funds, or buy or sells securities for its Funds, at or about the same time that Five Elms or the Firm's related persons buys or sells the same securities for Five Elms' or the Firm's related persons' accounts.

Other Potential Conflicts of Interests: Listed below are selected conflicts of interests associated with an investment in the Funds. The following explanation of certain conflicts of interest is not exhaustive, but rather highlights some of the more significant conflicts involved with investing the Funds. For a complete explanation of the Funds' relevant conflicts of

interest, investors should review the relevant Fund's Offering Documents, which may contain additional explanations of those not discussed below.

Employee/Family Investments in Funds. Certain employees of Five Elms, their family members, and affiliates have made and will continue to make commitments to the Funds. As such, Five Elms and certain of its affiliated parties and employees have a direct financial interest in the transactions of the Funds. Investments by such related parties are intended to align the interests of Five Elms and the related parties with those of the Funds; however, such investments may create conflicts of interest. To address such conflicts, the investment arrangements are described and agreed upon in each Fund's Offering Documents.

Side Letters. Five Elms will be authorized, without the approval of any investor, to enter into one or more side letters or similar written agreements with certain investors, which will have the effect of establishing rights under or altering or supplementing the terms of the Offering Documents with respect to such investors. As a result of such side letter agreements, certain investors may receive additional benefits that other investors will not receive, including, without limitation, the circumstances under which exclusion from certain investments or involuntary withdrawals from the Funds may be required; "most favored nation" rights (i.e., the right to receive favorable rights or other arrangements that may be afforded to other investors of equal size); rights or terms necessary in light of particular legal, regulatory or policies of an investor; and the right to receive reports from the Funds on a more frequent basis or to receive reports that include information not provided to other investors.

Time and Attention of Investment Professionals. As mentioned in Item 10 of this Brochure, Mr. Coulson and the other Five Elms employees will devote a portion of their time to the business of predecessor investment partnerships, any successor investment partnerships, Spring Insurance, and certain other business endeavors as further set forth in the Offering Documents. Conflicts may arise in the allocation of such person's time among the Fund and other such investment partnerships and endeavors.

Investment Opportunities. Conflicts of interest may arise in allocating investment opportunities amongst the Funds and other investment vehicles formed, managed or advised by Five Elms, regardless of whether such investment vehicles are currently existing, fundraising or contemplated. The strategy of each of the Funds and the other future funds formed, managed or advised by Five Elms may overlap to some degree, and thus, an investment may in the first instance be allocated to another investment vehicle even though it may otherwise be an eligible investment for another one of the Funds, or one of the Funds may not be able to acquire the entire amount of such investment opportunity. Allocation of investment opportunities will be made in good faith by the Firm. There can be no assurance that the allocation of investment opportunities by the Firm will not give rise to conflicts of interest between the investors of the respective Funds.

Fund Service Providers as Service Providers to Five Elms or its Affiliates; Five Elms-Affiliated Service Providers. Certain service providers to the Funds (e.g., lawyers, accountants, lenders, banks, brokers) are also expected to provide services to Five Elms or its personnel or affiliates. The terms on which such services are provided to such persons and

entities may, in certain circumstances, differ from (and be more favorable than) those on which similar services are provided to the Funds. Moreover, Five Elms through one or more of its affiliates may in the future own and control a service provider that has a relationship with the Funds and/or its Portfolio Companies. Portfolio Companies may, at their election, engage such affiliated service providers to provide them with various services. Five Elms believes that with respect to such services provided in respect of portfolio companies, the value proposition of using a Five Elms-affiliated service provider would be a benefit for the Funds, given the quality and cost of such a service provider's services than Five Elms believes the Fund would otherwise be able to receive from comparable service providers. Notwithstanding the foregoing, it is Five Elms' practice to seek to select service providers for the Funds that it believes are in the best interests of the Funds based on their merits and not based on the services, or the terms of such services, provided to Five Elms or its personnel or affiliates. From time to time, Five Elms will review its selection of service providers for the Funds and the arrangements between the Funds and such service providers.

In addition, any fees or remuneration received by a Five Elms-affiliated service provider described above from a Portfolio Company of the Funds in exchange for platform administrative and back-office services, including but not limited to certain outsourced sales and marketing services, will not constitute "Portfolio Company Remuneration" (as defined in the Offering Documents) and will therefore not reduce a Fund's management fee under the "management fee offset" provisions of each Fund's Offering Documents. Without limiting the generality of the foregoing, it is expected that a Five Elms-affiliated service provider may receive fees or remuneration from portfolio companies in exchange for such services and portfolio companies may reimburse the Firm for expenses incurred by such service providers and previously paid for by the Firm. Please refer to each Fund's Offering Documents for additional information.

ITEM 12. BROKERAGE PRACTICES

- A. Five Elms will provide investment advice to the Funds primarily with regards to private equity related investments. As such, the Firm's transactions on behalf of the Funds are normally privately negotiated and may not involve the use of a broker or dealer for the execution of Fund transactions. In those cases, the Firm will seek to negotiate and execute transactions in an efficient manner and consistent with its fiduciary duties to the Funds. Due to the nature of the Firm's investment advice and relationship with the Funds, Five Elms does not expect to recommend or select broker-dealers for transactions in the Funds. In rare cases where the Firm determines to utilize a broker or a dealer to transact on behalf of the Funds, the Firm 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. As a fiduciary, Five Elms must execute securities transactions in such a manner that each Fund's total cost or proceeds in each transaction is the most favorable under the circumstances. The determinative factor is whether the transaction represents the best qualitative execution for the account and not whether the lowest possible commission cost was obtained. Thus, the Firm will consider the full range and quality of a broker's service in selecting or recommending brokers to meet best execution obligations, including the ability to access or otherwise execute large transactions in the public market. Five Elms may not pay the lowest commission rate available. As a starting point, though, the primary consideration is the trade price and commission quoted by the broker-dealers.
- B. As noted above, the investment advisory services provided by the Firm to the Funds will generally be in relation to private equity related investments, for which the aggregation of orders is not applicable.

ITEM 13. REVIEW OF ACCOUNTS

- A. The Funds' Portfolio Companies are continually monitored and reviewed by the investment committee. The investment committee will be responsible for, among other things, reviewing the Portfolio Companies in the context of the Funds' stated objectives and monitoring for portfolio and risk management.
- B. More frequent reviews may be triggered by material changes in key variables that may affect the performance of the Portfolio Companies, including, without limitation, changes in the financial markets, activity, and trends in the political or economic environment, as well as the specific circumstances affecting the Funds.
- C. Audited financial statements are provided to investors in the Funds, within 120 days of the end of each Fund's fiscal year as required by Rule 206(4)-2 under the Advisers Act (the "Custody Rule").

ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION

- A. Five Elms does not receive an economic benefit from anyone, other than its Funds, for providing investment advice or other advisory services to the Funds.
- B. Five Elms and certain Funds have entered into third party marketing arrangements with respect to the sale of interests in the Funds. Such third party placement agents are compensated with a portion of the Firm's management fee payable with respect to the relevant Fund, at no cost to the investors in the Fund. Any placement fees paid by the Funds will be fully deducted from the management fee and thereby fully repaid to the fund during the period following the initial investment date of each Fund. Investors will not incur additional fees as a result of these arrangements.

ITEM 15. CUSTODY

Five Elms is deemed to have custody of the assets of each Fund because it or an affiliate serves as each Fund's General Partner. Five Elms and/or such General Partner can withdraw a Fund's cash and/or securities held with a custodian upon Five Elms and/or such General Partner's instruction to the custodian. Therefore, Five Elms is subject to the Custody Rule.

In accordance with the Custody Rule, the Firm adheres to the applicable requirements of the Custody Rule with respect to the Funds' assets. The CCO ensures that all privately offered securities, not held at a qualified custodian, do not violate the "Private Security Exemption" provided in the Custody Rule; so long as such securities are (i) acquired from the issuer in a transaction not involving any public offering, (ii) uncertificated (with ownership recorded only on the books of the issuer or its transfer agent in the name of each Fund), and (iii) transferable only with prior consent of the issuer or holders of the outstanding securities of the issuer. The Firm is responsible for arranging for annual independent audits of the Funds by an accounting firm, registered with and subject to inspection by the Public Company Accounting Oversight Board within 120 days of the Funds' fiscal year end, and for obtaining audited financial statements prepared in accordance with Generally Accepted Accounting Principles. The Firm arranges for the delivery of such audited financial statements to investors of the Funds within 120 days of the Funds' fiscal year end.

ITEM 16. INVESTMENT DISCRETION

Five Elms accepts discretionary authority to manage assets and securities on behalf of its Funds through the investment management agreement with the Funds. The investors generally do not have the ability to place any limits on Five Elms' authority beyond the limitations set forth in the Offering Documents of the applicable Fund.

ITEM 17. VOTING CLIENT SECURITIES

- A. While the securities evidencing the investments made by the Funds are not typically the subject of proxies, there could be certain circumstances where Five Elms, having discretionary authority over the accounts of the Funds, may be asked to vote the securities of such Funds on restructuring or other corporate matters. Five Elms has adopted a proxy voting policy as required by the Advisers Act. While unlikely, the Firm's investment strategy may involve the acquisition of publicly traded securities with voting authority, and as such, the Funds may be placed in a position of proxy voting authority. If Funds do come into possession of securities with proxy voting rights, the Firm may have the authority to vote proxies and will do so in sole judgement and in the best interest of its Funds. To the extent Five Elms receives proxy voting authority, the Firm generally believes that company management is best suited to make the decisions that are essential to the ongoing operation of the company. Therefore, Five Elms will generally vote proxies in line with company management. However, under circumstances where the Firm believes that company management's proposal will not maximize value for the Firm's Funds, Five Elms will vote against company management. Five Elms' proxy voting policy includes guidelines for voting against company proposals as well as guidance for situations where a proxy vote may present a conflict of interest to ensure that such conflict is resolved in the best interest of the Funds. Funds may obtain information about how proxies were voted or a copy of the Firm's proxy voting policies by contacting the CCO, Kalie McCollaugh, at kalie@fiveelms.com.
- B. Not Applicable

ITEM 18. FINANCIAL INFORMATION

- A. Five Elms does not require or solicit prepayment of more than \$1,200 in fees per Fund, six months or more in advance and therefore has not included a balance sheet.
- B. Five Elms does not believe that there are any conditions that are reasonably likely to impair its ability to meet contractual commitments to the Funds.
- C. Five Elms has never been the subject of a bankruptcy petition.