

## **Item 1: Cover Page**

### **Part 2A of Form ADV Firm Brochure**

March 30, 2020

**Promus Asset Management, LLC  
Promus Access GP, LLC  
Promus Realty Partners, LLC  
Promus Equity Partners, LLC**

SEC File No. 801-77588

156 North Jefferson Street, Suite 300  
Chicago, IL 60661

phone: 312-784-3990  
email: [compliance@promusassetmanagement.com](mailto:compliance@promusassetmanagement.com)

This brochure provides information about the qualifications and business practices of Promus Asset Management, LLC and its relying advisers, Promus Access GP, LLC, Promus Realty Partners, LLC and Promus Equity Partners, LLC. If you have any questions about the contents of this brochure, please contact the firm at 312-784-3990 or via email at [compliance@promusassetmanagement.com](mailto:compliance@promusassetmanagement.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or any state securities authority. Promus Asset Management, LLC is registered as an investment adviser with the SEC. Registration with the SEC or any state regulatory authority does not imply a certain level of skill or training.

Additional information about Promus Asset Management, LLC and its relying advisers is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2: Material Changes**

This Brochure is the firm's annual amendment. This section summarizes the material changes to this Brochure since the last annual filing on March 30, 2019.

This Brochure was updated throughout to reflect (i) that PVM I, LLC, PVE GP I, LLC, and PVM II, LLC are no longer affiliated with the firm, including as relying advisers, (ii) that the firm no longer provides investment advisory services to venture capital funds and (iii) the wind down of the activities conducted by Triad Trading, LLC, an affiliate of the firm.

Item 10 was updated to reflect certain oversight services the firm provides to an investment vehicle managed by an affiliate of the firm, and to reflect a revenue sharing arrangement with an unaffiliated third party.

If you have any questions about this Brochure or would like to request a copy of this Brochure, please contact the firm at [compliance@promusassetmanagement.com](mailto:compliance@promusassetmanagement.com) or 312-784-3990.

### **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 .....	15
Item 10: Other Financial Industry Activities and Affiliations .....	16
Item 11: Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading .....	18
Item 12: Brokerage Practices .....	20
Item 13: Review of Accounts .....	21
Item 14: Client Referrals and Other Compensation.....	22
Item 15: Custody.....	23
Item 16: Investment Discretion.....	24
Item 17: Voting Client Securities .....	25
Item 18: Financial Information .....	26

## **Item 4: Advisory Business**

### **Description of Your Advisory Firm**

Promus Asset Management, LLC (“PAM”) is an Illinois limited liability company formed in July 2012. PAM is wholly owned by Promus Holdings, LLC (“Promus Holdings”), whose principal owner is the Code Family Partnership, LP.

Promus Access GP, LLC (“PAGP”), a relying adviser under PAM, is a Delaware limited liability company formed in November 2013. PAGP is wholly owned by PAM. Promus Realty Partners, LLC (“PRP”), a relying adviser under PAM, is a Delaware limited liability company formed in May 2014. PRP is wholly owned by PAM. Promus Equity Partners, LLC (“PEP”), a relying adviser under PAM, is a Delaware limited liability company formed in July 2010. PEP is wholly owned by PAM.

Although certain of the entities described above are under different ownership, the entities generally operate together, with PAM providing the day-to-day investment advisory services. In this Brochure, any reference to “Promus” or “Firm” includes PAM, PAGP, PRP and PEP, unless the context requires otherwise.

### **Description of Advisory Services Offered**

Promus provides investment advisory services exclusively to privately offered investment funds (each a “Fund,” and collectively “Funds”), including funds of hedge funds, funds of private equity funds, real estate funds, and private equity funds. The Funds are organized as domestic limited partnerships or limited liability companies. Promus serves as the general partner, manager or investment adviser (or in a similar capacity) to the Funds, and provides advice and assistance to such Funds in accordance with the Fund’s governing documents or investment management agreement, as applicable. A Fund’s governing documents generally provide that the Fund may be dissolved upon Promus’s dissolution, withdrawal from the Fund or resignation as the general partner, manager or investment adviser.

The services provided by Promus are provided to the Funds, and are generally not tailored to the needs of individual investors in the Funds. Investors in the Funds participate in the overall investment program for the applicable Fund and generally may not impose restrictions on investing.

Certain Funds (e.g., real estate funds, funds of private equity funds, and private equity funds) typically raise specific capital commitments that may be called over time. Other certain Funds (e.g., funds of hedge funds) typically raise capital through subscriptions that are contributed in full at the time of subscription and may be subject to lock-up provisions.

Interests in the Funds are offered on a private placement basis. The interests are not registered under the Securities Act of 1933, as amended (the “Securities Act”) or under state securities laws, and rely on exemptions contained in the Securities Act and in state securities laws for transactions not involving a public offering. The Funds are also exempt from registration under the Investment Company Act of 1940, as amended (the “Investment Company Act”). Prior to investing in a Fund, each investor must complete a subscription agreement.

Promus is also affiliated with Promus Capital, LLC, a separately registered investment adviser that provides advisory services to family offices and high net worth individuals. Registration with the SEC or any state regulatory authority does not imply a certain level of skill or training. For more information on Promus and its affiliates, please see Item 10.

Promus does not currently manage any separate accounts, but it may do so in the future.

**Client Assets Under Management**

As of December 31, 2019, Promus manages approximately \$983,134,109 in regulatory assets under management on a discretionary basis. Of this amount, PAM, PAGP, PRP and PEP manage approximately \$146,141,533, \$341,653,815, \$97,390,986 and \$397,947,775, respectively. Promus does not currently advise any assets on a non-discretionary basis.

## **Item 5: Fees and Compensation**

### **Methods of Compensation and Fee Schedule**

Promus is entitled to receive management fees and performance-based compensation as described in each Fund's governing documents.

Typically, Promus receives a quarterly management fee for its services to each Fund. Management fees typically range from 0.5% to 2% per year depending on the particular Fund. Management fees are typically payable quarterly in advance and may be based on: (i) investor capital account balances; (ii) committed capital; or (iii) called capital. Management fees are normally prorated for the number of days in a period. Any prepaid but unearned management fees will be refunded. The calculation of a Fund's management fee is set forth in the Fund's governing documents.

In addition to the management fees described above, Promus is entitled to receive performance-based compensation equal to a specified percentage of cumulative net profits with respect to its management of certain Funds, namely Funds structured as private equity funds. Performance-based compensation typically takes the form of a separate "profits interests" class of a Fund which is entitled to receive certain priority allocations from underlying portfolio companies. Any such "profits interests" are generally only available to Promus and its personnel. The calculation of a Fund's performance-based compensation is set forth in the applicable Fund's governing documents. Performance-based compensation may create an incentive for Promus to make investments that are more speculative than would be the case in the absence of performance-based compensation.

Management fees and performance-based compensation are deducted directly from an investor's assets in the applicable Fund.

With respect to certain of the Funds, Promus and its personnel may also be entitled to receive certain ancillary fees that are common in the private equity industry, such as management, monitoring, closing, transaction, structuring, board or similar fees, from a Fund or an underlying portfolio company held by a Fund ("Ancillary Fees"). Ancillary Fees may be fixed or based on a percentage of a portfolio company's EBITDA (earnings before interest, tax, depreciation and amortization) or similar metric. Ancillary Fees are separate from and in addition to the any management fees or performance-based compensation charged to investors in a Fund.

Promus causes certain Funds to invest in underlying funds which are advised or managed by Promus or its affiliates. With respect to certain Funds, Promus waives or rebates all or a portion of any management fee, performance-based compensation and/or Ancillary Fees payable to Promus, its affiliates or their personnel, either at the level of the applicable Fund or the underlying affiliated fund. In addition, certain Funds may be entitled to receive all or a portion of the performance-based compensation earned at the level of the underlying affiliated fund. Where Promus has determined not to waive or rebate any such fees, the Funds will be subject to an additional layer of fees as a result of an investment in an underlying affiliated fund. Regardless of the determination to waive or rebate any such fees, a Fund will pay its pro rata share of the expenses of any underlying affiliated fund in which the Fund invests. Please consult the governing documents or other relevant offering materials for more information.

Promus reserves the right to apply different management fees and/or performance-based compensation to different investors and to waive or rebate any management fee and/or performance-based compensation in whole or in part for certain investors in its discretion. Promus may launch or manage other funds or accounts with higher or lower fees and/or different compensation structures. Different client facts and circumstances, including the client's investment strategy, liquidity profile and prevailing market terms, will be considered in determining applicable fees.

In addition to the management and performance-based compensation discussed above, each Fund will bear certain expenses as set forth in the Fund's governing documents. Each Fund will generally bear all expenses incurred in connection with the management, operations, or liquidation of the Fund including, but not limited to, the following:

- Third-party legal, audit, tax and accounting fees and expenses;
- Expenses related to audit, tax accounting and preparation costs and K-1 reporting;
- Third-party administrator fees and expenses;
- Expenses related to any investment vehicles in which a Fund may invest as part of its investment strategy;
- Organization expenses (including expenses of certain outside professionals related to the offer and sale of Fund interests);
- Investment expenses such as commissions, research fees, and expenses including research-related travel;
- Acquisition and transaction-related expenses;
- Due diligence expenses (including expenses of outside professionals);
- Interest and fees on margin accounts and other indebtedness, such as lines of credit;
- Custodial fees; and
- Any other expenses reasonably related to the purchase, sale, or transmittal of Fund assets.

In addition, certain Funds may be responsible for the formation and organizational expenses of the Fund's general partner, manager or investment adviser, as described in the applicable Fund's governing documents.

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

As described under Item 5, Promus may receive performance-based compensation from the Funds as described in a Fund's governing documents. Performance-based compensation may create an incentive for Promus (i) to recommend riskier or more speculative investments in an attempt to earn higher fees than might otherwise be recommended in the absence of performance-based compensation, and (ii) to dispose of investments at a time and in a sequence that would generate the most performance-based compensation. Incurring additional risk leads to a higher probability of loss which may conflict with an investor's risk tolerance and investment objectives. Performance-based compensation also creates the incentive for Promus to favor Funds for which it receives performance-based compensation over Funds that only pay management fees. Another risk of performance-based compensation includes overstating the value of illiquid or hard to value investments. Performance-based compensation may be based on realized or unrealized gains as detailed in the applicable Fund's offering materials. Thus, it is possible that Promus could earn a performance-based compensation on gains that a Fund never realizes.

Promus advises Funds that may make similar or different underlying investments. Any allocation or apportionment of a particular investment opportunity will be made in a manner that is fair and equitable to all applicable Funds under the circumstances taking into account various Fund characteristics including, but not limited to, size, amount of available capital, investment strategy, risk profile, liquidity, overall portfolio composition, trading activity, and tax and legal considerations. Any action of Promus with respect to a particular investment may, for a particular Fund, differ from or conflict with the recommendation, advice, or actions of Promus to or on behalf of other Funds.

Promus has addressed these conflicts through policies and procedures designed to ensure that all Funds are treated fairly and equitably over time. Promus does not consider performance or fee structures when making investment and allocation decisions for the Funds.



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

Promus provides investment advice to Funds, which are limited partnerships or limited liability companies formed under domestic laws and operated as investment pools exempt from registration under the Investment Company Act. The investors participating in Funds may include family offices, high net worth individuals, institutional investors, personnel of Promus and its affiliates and other sophisticated investors. Investments made by personnel of Promus and its affiliates may be significant in certain Funds.

Each Fund's offering materials disclose the minimum investment that a Fund will accept. The Fund's general partner, manager or investment adviser may, in its sole discretion, increase or decrease the minimum investment amount for any investor in a particular Fund. Prior to investing in a Fund, an investor must complete a subscription agreement containing representations needed to establish the investor's eligibility to invest in the Fund.

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

### **Methods of Analysis and Investment Strategies**

Each Fund is uniquely managed by its manager, general partner or investment adviser in accordance with the Fund's investment strategy and methodology as detailed in its offering documents. The manager, general partner or investment adviser may rely on its personnel's operational and investment experience in specific industries, its own independent research, and other third-party sources.

With respect to the funds of hedge funds, PAM seeks to identify and invest with multiple managers with diverse styles and strategies to achieve superior long-term risk-adjusted returns while keeping capital preservation as a central precept. PAM aims to identify individual private fund managers that it believes are excellent managers of risk and can potentially each earn superior long-term returns. PAM believes that diversifying across multiple managers with various strategies will reduce the volatility of these Funds' returns.

With respect to the real estate funds, PAM and PRP seek to identify and invest in co-investment opportunities, funds sponsored by third party managers or in proprietary real estate investment opportunities. The evaluation process generally considers the income potential of an opportunity, the feasibility of selling an asset for a profit, and the holding period required before the asset may become profitable. The real estate funds may invest, directly or indirectly, in real estate projects, real estate operating companies, real estate related investments and products, indebtedness secured by real estate and real estate development projects, and pooled investment vehicles that invest in real estate.

With respect to the funds of private equity funds, PAGP seeks to identify and invest in private equity funds that focus on niche opportunities and lower middle market companies to provide investors with access to a balanced and diversified portfolio of private equity investments. With respect to the private equity fund advised by PAM, PAM seeks to identify and invest in co-investment opportunities in lower middle market companies.

With respect to the private equity funds managed by PEP, PEP makes direct private equity investments in lower middle market companies. Such funds generally invest in a single portfolio company, which may make add-on acquisitions from time to time, whereas other funds may invest in more than one portfolio company, any of which may make add-on acquisitions from time to time.

### **Material Risks**

Identifying and participating in attractive investment opportunities are difficult tasks. A Fund's investments will not necessarily be profitable and there is a substantial risk that a Fund's losses will exceed its gains. Generally, little, if any, publicly available information exists regarding the non-publicly traded investments held by the Funds. Many investment decisions depend upon the ability of Promus to obtain relevant information from non-public sources. A Fund will often be required to make decisions without complete information or in reliance upon information provided by third parties that cannot readily be verified. The marketability and value of each investment depends upon many factors beyond a Fund's control. Underlying investments may have substantial

variations in results from period to period, face intense competition, and experience failures or substantial declines in value. Underlying investments may need substantial additional equity or debt capital to support growth or to achieve or maintain a competitive position. Such capital, if available, may not offer attractive terms. Several of the Funds' investments are illiquid and difficult to value. In such cases, a Fund's investments will be long-term in nature and may require years from the date of initial investment before liquidation.

Certain investments held by some Funds are denominated in currencies other than the U.S. dollar as such investments are located in non-U.S. jurisdictions. The Funds are denominated in U.S. dollars and make distributions to investors in U.S. dollars. Thus, valuations of such investments as well as income and other proceeds derived from these investments are exposed to fluctuations in foreign currency with respect to the translation of foreign currency earnings to U.S. dollars. Such investments may also be impacted by changes in the economic and political conditions of the countries in which the investments are located.

The returns of the Funds may depend on the performance of unrelated investment managers. Several of the Funds hold interests in underlying private funds or companies and do not participate in the management and control of such funds or companies.

The Funds' ability to earn strong returns for their investors and, in turn, Promus's ability to continue to attract investors, depends upon the ability of Promus to find quality investment opportunities. There is no assurance that the Funds can locate and make quality investments at attractive prices or that the investments made will ultimately satisfy the investment objectives of the Funds.

In addition, adverse changes in legal, regulatory, and fiscal regimes may occur. Promus may be unable to adjust its structure or investment program to adapt to such changes. Changes in economic and political conditions may occur and adversely affect the Funds' investments. Promus may be unable to adapt to such changes and mitigate any corresponding losses due to the illiquid nature of the Funds' investments.

The investments in the Funds as well as many of the Funds' underlying investments are typically highly illiquid. Many interests in private funds are not registered under the Securities Act and may not be transferred unless registered under applicable federal or state securities laws or unless exemptions from such laws are available. A Fund's ability to make new investments is contingent upon timely capital call payments by Fund investors, the performance of existing investments, and economic and market conditions.

The Funds should be viewed as highly speculative investments and are not intended to be a complete investment program. The Funds are designed only for sophisticated persons who can bear the economic risk of the loss of all or a portion of their investment and who have a limited need for liquidity. The risks of investing in a Fund should be carefully evaluated before making an investment. All investors should carefully review the risk factors and potential conflicts of interest set forth in a Fund's offering documents before investing. All risks set forth herein are qualified in their entirety by the applicable offering document for a Fund.

Additional risks relevant to investments in the Funds will be described in each Fund's offering documents. Below is a summary of some of the risks that may apply to an investment in the Funds.

*Long-Term Investment.* Investments in the Funds are not intended to be short-term investments.

*Reliance on Promus Management.* The successful investment of the Funds' assets depends, among other things, upon the skills of the professional personnel of Promus. The loss of service of one or more key personnel of Promus could have an adverse effect on a Fund's ability to realize its investment objectives.

*Reliance on Underlying Fund Management.* Many of the Funds will be investing in underlying funds. The Funds will not have an active role in the day-to-day management of the underlying funds in which they invest. Moreover, such Funds will not have the opportunity to evaluate the specific investments made by any underlying fund. Accordingly, the returns of a Fund will primarily depend on the performance and recommendations of these underlying fund managers and could be substantially adversely affected by the unfavorable performance of the underlying funds' managers.

*Co-Investment Risks.* Certain Funds may invest alongside third-party co-investors. A co-investor may have interests or objectives that conflict with those of the Funds, may be in a position to take actions contrary to the Funds' interests or objectives, or may default on its obligations.

*General Market Risks.* Global markets are interconnected, and events like hurricanes, floods, earthquakes, forest fires and similar natural disturbances, war, terrorism or threats of terrorism, civil disorder, public health crises, and similar "Act of God" events have led, and may in the future lead, to increased short-term market volatility and may have adverse long-term and wide-spread effects on world economies and markets generally. Certain Funds may have exposure to countries and markets impacted by such events, which could result in material losses.

*Equity Risks.* The value of equities held in certain Funds may be adversely impacted due to general market, economic and industry specific conditions as well as factors related to specific companies in which the Funds invest. In addition, the returns of such equities may be subject to significant volatility.

*Small- and Mid-Cap Equity Risks.* Certain Funds may hold investments in small- and mid-cap equities. These types of securities may be subject to sudden market movements and experience lower trading volumes compared to large-cap companies. Furthermore, small- and mid-cap companies may be subject to greater changes in earnings and business prospects compared to large-cap companies.

*Possibility of Fraud and Other Misconduct.* When a Fund makes an investment, Promus or the Fund does not typically have custody of the investment's assets or control over its investment/operations strategy. Therefore, there is the risk that the investment or its custodian could divert or abscond with those assets, fail to follow agreed-upon strategies, provide false reports of operations or engage in other misconduct. The underlying investments in which the Funds invest are generally private and have not registered their securities under federal or state

securities laws. Moreover, there can be no assurances that the underlying investments will be operated in accordance with all applicable laws or that assets entrusted to the underlying investments will be protected.

*Reliance Upon Due Diligence Information.* Promus will conduct due diligence on its investments. When conducting due diligence, Promus will be required to rely on the resources available, including information provided by the portfolio companies and underlying funds, as applicable, and, where an underlying investment is recently formed, some due diligence may be subjective. Therefore, there can be no assurance that the due diligence undertaken by Promus will reveal or highlight all relevant facts that may be necessary or helpful in evaluating a particular investment, and there can be no assurance that such due diligence will result in an investment being successful.

*Illiquidity; Restrictions on Transfer.* Investments in the Funds represent highly illiquid investments and should only be acquired by investors able to commit capital for an indefinite period of time. Investors will not be permitted to transfer their interests in the Funds without the written consent of the respective general partner or manager, which may be withheld in its sole discretion, and the satisfaction of certain other conditions, including compliance with applicable securities laws.

*Risk of Inadequate Return.* The returns on a particular Fund's investments, if any, may not be commensurate with the degree of risk of an investment in such Fund. Investors should have the ability to sustain the loss of their entire investment.

*Multiple Fees and Expenses.* Investors in a Fund will pay certain fees and expenses of such Fund (as described in Item 5, "Fees and Compensation") and, to the extent applicable, will indirectly bear the fees (e.g., management fees to the sponsors of the underlying funds) and expenses of the underlying funds in which such Fund invests, including underlying funds affiliated with Promus. This may include transaction, monitoring, consulting and/or success fees charged by the manager of an underlying fund as well as other reimbursed expenses which may not be offset against other fees charged by such manager. This will result in greater expense and less potential for return on investment than if such fees were not charged or such expenses incurred.

*Fund Valuations May Fluctuate.* Aside from Funds structured as funds of hedge funds, funds of private equity funds and certain real estate funds, it is generally anticipated that a significant portion of the assets held by the Funds are illiquid and the valuations of such investments are calculated based upon a good faith assessment of the fair value of the assets. Therefore, valuations of investments for which market quotations are not readily available may differ materially from the values that would have resulted if a liquid market for such investments had existed. Even if market quotations are available for any such illiquid investments, such quotations may not reflect the realizable value. For the Funds structured as funds of hedge funds, funds of private equity funds and certain real estate funds, Promus intends to generally rely on the valuation provided by the underlying funds managers. The Funds may experience fluctuations in results from period to period due to a number of factors, including changes in the values of the underlying funds' investments, changes in the frequency and amount of drawdowns on capital commitments, distributions, dividends or interest paid in respect of investments, the degree to which the underlying funds encounter competition in their businesses, the timing of the recognition of realized and unrealized gains or losses and general economic and market conditions.

*Concentration Risks.* An inherent risk exists for Funds whose investment portfolios lack diversification (e.g., heavily or solely weighted in one investment, industry, geographic location, or underlying investment manager). Funds with diversified portfolios generally incur less volatility and less fluctuation in portfolio value than those with concentrated holdings. While concentrated holdings may offer the potential for higher gains, such holdings also may suffer significant losses.

*Cybersecurity Risk.* With the increased use of technologies such as the Internet to conduct business, the Funds are susceptible to operational, information security and related risks. In general, cyber incidents can result from deliberate attacks or unintentional events. Cyber-attacks include, but are not limited to, gaining unauthorized access to digital systems (e.g., through “hacking” or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cyber-attacks may also be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on websites (i.e., efforts to make network services unavailable to intended users). Cyber incidents affecting a Fund or its service providers have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, the inability of such Fund to transact business, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs. Similar adverse consequences could result from cyber incidents affecting the underlying funds and their portfolio companies in which a Fund invests, counterparties with which a Fund engages in transactions, governmental and other regulatory authorities, banks, brokers, dealers, insurance companies and other financial institutions. In addition, substantial costs may be incurred in order to prevent cyber incidents in the future. While the Funds’ service providers have established business continuity plans in the event of, and risk management systems to prevent, such cyber incidents, there are inherent limitations in such plans and systems including the possibility that certain risks have not been identified. Furthermore, the Funds cannot control the cyber security plans and systems put in place by their respective service providers or any other third parties whose operations may affect the Funds and their respective investors. One or more Funds could be negatively impacted as a result.

## **Item 9: Disciplinary Information**

None.

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

### **Broker-Dealer or Representative Registration**

Promus is not registered as a broker-dealer and does not have a pending application to register.

### **Futures or Commodity Registration**

Promus has claimed relief from registration as a commodity pool operator with respect to certain Funds.

### **Material Relationships Maintained by this Advisory Business and Conflicts of Interest**

PAM is wholly owned by Promus Holdings, which also wholly owns Promus Capital, LLC (“Promus Capital”), a registered investment adviser. Registration with the SEC or any state regulatory authority does not imply a certain level of skill or training. Promus Capital provides investment advisory and financial planning services to individuals, trusts, corporations, partnerships, retirement plans, tax exempt, and other legal entities. Such investment advisory services may include investment strategy, portfolio management, and financial planning. Where determined appropriate by Promus Capital, clients of Promus Capital invest in the Funds.

Promus provides investment advice to the Funds and may serve as the general partner, manager, or investment adviser of Funds, as applicable. Promus Access GP, LLC, Promus Realty Partners, LLC and Promus Equity Partners, LLC are relying advisers under PAM.

Promus Holdings holds a passive, minority interest in RDG Opportunity Fund MM, LLC and RDG Partners, LLC (collectively, “RDG”), separately operated and separately controlled managers of privately offered real estate investment vehicles focused on residential and mixed use properties, tax liens, distressed debt, and hard-money loans. Certain Funds currently, and may in the future, hold investments in investment vehicles managed by RDG. Promus provides certain oversight and operational services with respect to a RDG investment vehicle, and for such services is entitled to receive a portion of the asset-based and transaction fees otherwise payable to RDG with respect to such investment vehicle. Also, a passive minority member of Promus Holdings holds a majority interest in, and provides day-to-day management services to, Creation Investments Capital Management, LLC, Creation Investments Global Management, LLC, Creation Investments GP3, LLC, Creation Investments GP4, LLC, and their affiliates (collectively, “Creation”), managers of private equity investment vehicles focused on international microfinance investments. Creation is separately operated and separately controlled from Promus. Certain other members of Promus Holdings hold passive, minority interests in Creation. It is not currently anticipated that the Funds will invest in the investment vehicles managed by Creation. In addition, certain personnel of Promus Holdings and certain clients of Promus Capital hold passive, minority interests in Broadcast Asset Management, LLC (“Broadcast”), a separately operated and separately controlled manager of privately offered investment vehicles. It is not currently anticipated that the Funds will invest in the investment vehicles managed by Broadcast.

Promus Holdings and/or its designees are entitled to receive a portion of the asset-based fees and performance-based compensation payable to Promus Venture Management, LLC and its affiliates, a venture capital firm principally owned and controlled by a former employee of Promus Holdings



(collectively, “Venture Management”), with respect to certain investment vehicles managed by Venture Management (the “Revenue Share”). In connection with the Revenue Share, certain affiliates of Promus hold significant economic interests in certain affiliates of Venture Management. Venture Management is separately operated and separately controlled, and Promus and its affiliates do not maintain any management, control or voting rights with respect to Venture Management. Certain clients of Promus and its affiliates currently, and may in the future, hold investments in investment vehicles managed by Venture Management. Promus and its affiliates have a conflict of interest in selecting or recommending investment vehicles managed by Venture Management to clients for investment as Promus Holdings and/or its designees are entitled to receive the Revenue Share with respect to any such investments.

Members, managers and employees of Promus may also perform duties on behalf of Promus Holdings and Promus Capital. In addition to the interests discussed above, certain Promus personnel are involved in other outside business activities, including board positions for institutions, charities, public companies and investment funds (including funds in which the Funds may invest). Promus personnel may have conflicts of interest in allocating their time and activity between the Funds, Promus, and other businesses with which they are associated. Promus maintains policies and procedures designed to manage and monitor the conflicts of interests presented to Promus and its clients by these activities.

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

### **Code of Ethics Description**

In accordance with the Advisers Act, Promus has adopted a code of ethics (the “Code”) that includes written procedures governing the conduct of Promus personnel. Promus will provide clients or prospective clients with a copy of the Code upon request.

Promus requires its personnel to adhere to the Code, which provides that personnel must put the interests of Promus’s clients first in every situation and deal fairly and objectively with all clients when providing investment analysis, making investment recommendations, and taking investment action. Among other things, the Code imposes certain requirements on Promus access persons with respect to their personal securities transactions, addresses privacy and confidentiality obligations, and requires Promus personnel to comply with all applicable securities laws and regulations.

### **Participation or Interest in Client Transactions & Personal Trading**

As discussed above, Promus serves as general partner, manager or investment adviser to multiple Funds. Persons associated with Promus have significant investments in certain Funds.

Promus advises Funds that may make similar or different underlying investments. Any allocation or apportionment of a particular investment opportunity will be made in a manner that is fair and equitable to all applicable Funds under the circumstances taking into account various Fund characteristics including, but not limited to, size, amount of available capital, investment strategy, risk profile, liquidity, overall portfolio composition, trading activity, and tax and legal considerations. Any action of Promus with respect to a particular investment may, for a particular Fund, differ from or conflict with the recommendation, advice, or actions of Promus to or on behalf of other Funds.

Promus generally does not engage in principal trading (i.e., the practice of selling securities to clients from a firm’s inventory or buying securities from clients into a firm’s inventory) or cross trading for client accounts. However, in the event Promus wishes to engage in principal or cross trading, Promus will follow the requirements set forth in Section 206 of the Advisers Act prior to engaging in principal or cross trading. In addition, Promus may purchase or sell for, or recommend to, Funds certain investments in which it or its affiliates and their respective officers, directors, employees, principals, partners, and families (collectively, the “Related Parties”) have an economic interest (e.g., as an investor, adviser, general partner, or manager).

Promus causes certain Funds to invest in underlying funds which are advised or managed by Promus or its affiliates. With respect to certain Funds, Promus waives or rebates all or a portion of any management fee, performance-based compensation and/or Ancillary Fees payable to Promus, its affiliates or their personnel, either at the level of the applicable Fund or the underlying affiliated fund. In addition, certain Funds may be entitled to receive all or a portion of the performance-based compensation earned at the level of the underlying affiliated fund. Where Promus has determined not to waive or rebate any such fees, the Funds will be subject to an additional layer of fees as a result of an investment in an underlying affiliated fund. Regardless of the determination

to waive or rebate any such fees, a Fund will pay its pro rata share of the expenses of any underlying affiliated fund in which the Fund invests. Please consult the governing documents or other relevant offering materials for more information.

As noted in Item 10, Promus Holdings and/or its designees are entitled to the Revenue Share with respect to certain investment vehicles managed by Venture Management. Certain clients of Promus and its affiliates currently, and may in the future, hold investments in investment vehicles managed by Venture Management. Promus and its affiliates have a conflict of interest in selecting or recommending investment vehicles managed by Venture Management to clients for investment as Promus Holdings and/or its designees are entitled to receive the Revenue Share with respect to any such investments.

The Related Parties may serve as advisers or managers to other funds or conduct investment activities for their own accounts. Such other entities or accounts may have investment objectives or strategies similar to those of the Funds. The Related Parties may engage in securities transactions for their own accounts that differ from those recommended or effected for the Funds.

Promus and the Related Parties may purchase or sell the same securities (including interests in underlying investments) as are purchased or sold for or recommended to Funds in accordance with the Code. Such transactions may take place at or about the same time that such transactions are made for or recommended to Funds. The personal securities transactions by access persons may raise potential conflicts of interest when such transactions are made in a security that is either owned by a Fund or considered for purchase or sale for a Fund. Promus has adopted policies and procedures that are intended to address these conflicts of interest. Promus personnel must follow Promus's procedures when purchasing or selling the same investments purchased or sold for the client. Pre-clearance request forms must be completed by each access person and approved by Promus's Chief Compliance Officer before an access person can make an investment in a private placement or IPO. Further, each access person's securities transactions are reviewed and such transactions may be reversed if inconsistent with the Code.

## Item 12: Brokerage Practices

Promus, in its capacity as general partner, manager or investment adviser, has discretion to determine the underlying investments in which a Fund invests. For many Funds, Promus negotiates investments in underlying funds on a private placement basis, and does not utilize brokers or dealers in connection with such investments. In the event such Funds receive in-kind distributions of securities that may be publicly traded or private, Promus will generally seek to liquidate the securities as quickly as possible. Such liquidation may be through a privately negotiated transaction, which may not utilize a broker, or to the extent publicly traded, through a broker. In liquidating publicly traded securities, Promus will select a broker to effectuate the liquidation. In selecting a broker, Promus may consider a variety of factors including, but not limited to, expertise in a particular type of security or transaction, execution capability, size and difficulty of the orders, period of time to dispose of securities, reasonableness of the commissions, ability to keep the account for an extended period of time without requiring activity charges, frequency of trades, access to relevant markets, research and its reliability, integrity and financial condition.

Promus does not engage in the practice of directing brokerage commissions in exchange for the referral of clients.

Where Promus's Funds do not generally invest in listed securities, it is unlikely Promus would be able to aggregate a client's trading with another client. To the extent the Funds invest in listed securities, Promus could seek to aggregate client trades in listed securities. Promus' allocation of investment opportunities among clients is described in Item 6 and Item 11.

Promus serves as the general partner, manager or investment adviser to multiple Funds, some of which pursue a similar or the same investment strategy. Situations may arise in which accounts managed by Promus have made investments that would have been suitable for investment by one client but, for various reasons, were not pursued by, or available to, another client. This could arise with respect to an underlying fund that, for example, places stringent restrictions on the number of investors whose money it will manage or their aggregate assets under management. As a result, certain underlying funds to which Promus would like to allocate assets may limit, or be unable or unwilling to accept, an allocation of such client's assets. To the extent that entities affiliated with Promus invest in underlying funds, the ability of a client to invest in the same underlying fund may be adversely affected by any limitation on availability of the investment.

There may be instances when allocating investments among clients where some clients may participate in certain opportunities made available to Promus while other clients may not. Where accounts have competing interests in a limited investment opportunity, Promus may not allocate investment opportunities pro rata among clients but rather may allocate investment opportunities based on numerous other considerations, including, without limitation, the percentage of committed capital already allocated to investment opportunities, investment objectives and restrictions, participation in other opportunities, appropriate design and balancing of investment portfolios of such account, compliance with applicable laws, and tax concerns as well as the relative size of different accounts' same or comparable portfolio holdings. As noted in Item 6, Promus will seek to allocate all investment opportunities among clients on a fair and equitable basis over time. Promus has adopted policies and procedures to address this conflict of interest.

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

The investments made by many of the Funds are typically private, illiquid, and long-term in nature. Thus, the review process for such Funds is not focused on a short-term decision whether to dispose of securities or other investments. Nevertheless, Promus's investment professionals conduct periodic reviews of investments held by the Funds. This review may include analyzing financial statements and periodic reports, attending annual and informal meetings, checking allocations of income and loss, and reviewing financial statements, valuations, transactions, and underlying investment information. Promus may perform ad hoc reviews on an as-needed basis if there has been a material change in the Fund's investment objectives or in how Promus formulates investment advice.

Each Fund investor will receive monthly or quarterly summaries of the Fund's performance and of such investor's estimated capital account activity and balance for that month or quarter. Fund investors will also receive an annual report for such year containing financial statements and a statement showing the change to such holder's capital account with respect to such year. Tax information, including a Schedule K-1, will be provided to Fund investors as soon as reasonably practicable following the end of each calendar year. Promus, in its discretion, may furnish additional reports to Fund investors.

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

Promus does not currently have any agreements with solicitors who refer prospective advisory clients or investors in return for a fee. In the future Promus may enter into referral arrangements whereby Promus pays solicitors/introducers a referral fee in accordance with the requirements of Rule 206(4)-3 of the Advisers Act and any corresponding state securities law requirements. Any such referral fee shall be paid solely from the fees earned by Promus and shall not result in any additional charge to the client or investor. The payment of fees may cause a solicitor to recommend Promus over another adviser that does not pay solicitation fees.

## **Item 15: Custody**

Promus, in its capacity as general partner or manager, is deemed to have custody of the Funds' assets under Rule 206(4)-(2) of the Advisers Act (the "Custody Rule"). Promus has implemented policies and procedures to comply with the Custody Rule's requirements. Promus requires an annual audit of its funds by an independent public accountant that is registered with and subject to regular inspection by the Public Company Accounting Oversight Board (PCAOB). The Funds that invest primarily in privately offered securities do not use a custodian in the customary sense. Promus, on behalf of these Funds, maintains bank accounts in each Fund's name where monies are deposited by investors to fund underlying investments and fund expenses. To the extent such funds hold publicly traded securities, the Funds will maintain brokerage accounts at a registered broker-dealer in each Fund's name.

## **Item 16: Investment Discretion**

Promus acts as a general partner, manager or investment adviser for Funds. As such, Promus has discretionary authority to manage investments on behalf of the Funds in accordance with the investment objectives set forth in each Fund's governing documents. Generally, Promus does not allow individual investors in the Funds to place limitations on this authority. Promus assumes this authority pursuant to the terms of the Fund's governing documents or pursuant to the terms of an investment management agreement.



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

As general partner or manager of the Funds, Promus is responsible for reviewing and voting any proxies of the underlying investments consistent with the best interests of the Funds. When an underlying fund or company, as issuer of securities in which a Fund is invested, sends a proxy proposal to Promus, the proposal is forwarded to the portfolio manager who is responsible for that Fund. The portfolio manager reviews the proposal and makes a voting recommendation. Promus will maintain records of any votes made along with the rationale for such votes.

## **Item 18: Financial Information**

Promus does not require the prepayment of fees more than six months in advance, and as such, is not required to file a balance sheet. Promus does not have any financial issues that would impair its ability to provide services to clients. There are no bankruptcy petitions to report.