

**INVESTMENT ADVISER BROCHURE
PART 2A OF FORM ADV**

ATERIAN INVESTMENT MANAGEMENT, LP

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This Investment Adviser Brochure (“Brochure”) provides information about the qualifications and business practices of Aterian Investment Management, LP (the “Management Company”). If you have any questions about the contents of this Brochure, please contact us at (212) 897-2888. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state authority.

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

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

MATERIAL CHANGES

Aterian Investment Management, LP filed its most recent Form ADV Part 2 on March 29, 2019. This annual amendment updates certain business practices of Aterian (as defined below), including with respect to the description of certain risk factors and advisory services applicable to the Funds (as defined below).

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ADVISORY BUSINESS

Aterian Investment Management, LP (the “**Management Company**”), the registered investment adviser, is a Delaware limited partnership. The Management Company commenced business operations in August 2013. The Management Company and its affiliated general partners, Aterian Investment Partners, LP, Aterian Investment Partners GP II, LP and Aterian Investment Partners GP III, LP (each, a “**General Partner**”), and its relying adviser Aterian Investment Advisors, LLC (the “**Relying Adviser**” and together with each General Partner, the Management Company and their affiliated entities, “**Aterian**”), are also subject to the Advisers Act pursuant to the Management Company’s registration in accordance with SEC guidance. This Brochure also describes the business practices of the Relying Adviser and General Partners, which operate as a single advisory business together with the Management Company.

Aterian provides discretionary investment advisory services to its clients, which consist of private investment-related funds. Aterian’s clients include the following (each, a “**Fund**,” and together with any future private investment fund to which Aterian provides investment advisory services, “**Funds**”):

- Aterian Investment Partners Distressed Opportunities, L.P.
- Aterian Co-Invest I, L.P.
- Aterian Investment Partners II, LP (“**Fund II**”)
- Aterian Investment Partners III, LP
- Aterian Investment Partners III-A, LP (together with Aterian Investment Partners III, LP, “**Fund III**”)

Interests in the Funds are privately offered to qualified investors in the United States and elsewhere. The Funds invest through negotiated transactions in operating entities, generally referred to herein as “**portfolio companies**.” Aterian’s investment advisory services to Funds consist of identifying and evaluating investment opportunities, negotiating the terms of investments, managing and monitoring investments and ultimately selling such investments. Investments are made predominantly in non-public companies, although investments in public companies are permitted in certain instances. From time to time, where such investments consist of portfolio companies, the senior principals or other personnel of Aterian expect to serve on such portfolio companies’ respective boards of directors or otherwise act to influence control over management of portfolio companies held by Funds.

Aterian’s advisory services for each Fund are detailed in the applicable offering memorandum (each, a “**Memorandum**”), investment management agreement (the “**Management Agreement**”), agreements of limited partnership (each, a “**Limited Partnership Agreement**” and, together with any relevant Memorandum and Management Agreement, the “**Governing Documents**”) and are further described below under “Methods of Analysis, Investment Strategies and Risk of Loss.” Investors in Funds participate in the overall investment program for the applicable Fund, but in certain circumstances are excused from a particular

investment due to legal, regulatory or other applicable constraints pursuant to the Governing Documents; for the avoidance of doubt, such arrangements generally do not and will not create an adviser-client relationship between Aterian and any investor. The Funds or Aterian expect to enter into side letters or similar agreements (“**Side Letters**”) with certain investors that have the effect of establishing rights under, or altering or supplementing a Fund’s Governing Documents, including provisions relating to the Management Fee (as defined below), if any, and distributions.

Additionally, from time to time and as permitted by the relevant Limited Partnership Agreement, Aterian may provide (or agree to provide) certain investors or other persons, including Aterian’s personnel and or certain other persons associated with Aterian and/or its affiliates (to the extent not prohibited by the applicable Limited Partnership Agreement), co-investment opportunities (including the opportunity to participate in co-invest vehicles) to invest in certain portfolio companies alongside a Fund. Such co-investments are expected to involve investment and disposal of interests in the applicable portfolio company at the same time and on the same terms as the Fund making the investment, subject to certain exceptions set forth in the Governing Documents of such Fund. However, from time to time, for strategic and/or other reasons, a co-investor (or co-invest vehicle) may purchase a portion of an investment from one or more Funds after such Funds have consummated their investment in the portfolio company (also known as a post-closing sell-down or transfer), which generally will have been funded through Fund investor capital contributions and/or the use of a Fund credit facility. Any such purchase from a Fund by a co-investor (or co-invest vehicle) generally occurs shortly after the Fund’s completion of the investment to avoid any changes in valuation of the investment, and the co-investor (or co-invest vehicle) may be charged interest on the purchase to compensate the relevant Fund for the holding period, and generally will be required to reimburse the relevant Fund for related costs.

As of December 31, 2019, Aterian managed \$781,005,586 in client assets on a discretionary basis. The Management Company is principally owned by Brandon Bethea, Michael Fieldstone and Christopher Thomas (the “**Principals**”).

FEES AND COMPENSATION

The following is a general description of fees, compensation and expenses of the Funds. Differences exist from Fund to Fund, and certain Funds may not charge certain fees, compensation or expenses that other Funds charge. The Limited Partnership Agreements of the Funds describe fees, compensation and expenses in greater detail.

In general, Aterian receives a management fee and/or a carried interest in connection with its advisory services, as further described below. Aterian and/or its affiliates may also receive additional compensation in connection with management and other services performed for portfolio companies of Funds and such additional compensation may offset in whole or in part the Management Fees (as defined below), if any, otherwise payable to Aterian, as described in the applicable Governing Documents. Investors in the Funds also bear certain fund expenses, as described below.

Management Fees

For Fund II and Fund III, during the Fund's investment period, the Fund generally will pay Aterian an annual management fee (the "**Management Fee**") equal to 2% of aggregate investor capital commitments. Payment of the Management Fee will be made quarterly in advance. Generally, investors participating in a closing after the initial closing of a Fund bear the Management Fee from the date of the initial closing of such Fund, plus interest, as applicable. The Management Fee for a Fund typically will be reduced upon the expiration of its investment period or earlier upon the occurrence of certain other events as described in the applicable Governing Documents.

Aterian Investment Partners Distressed Opportunities, L.P. does not pay a management fee, but Aterian maintains the right to call capital from investors to cover certain operating costs as further described in the Fund's Limited Partnership Agreement.

Aterian has the right to charge Aterian Co-Invest I, L.P. a management fee based on funded commitments as further described in such Fund's Limited Partnership Agreement.

As further described in Fund II's and Fund III's Governing Documents, Aterian or its affiliate will be permitted to retain a portion of certain fees (such fees, "**Supplemental Fees**") without offset against the Management Fee, including: (i) 20% of directors' fees; (ii) 20% of financial consulting, monitoring fees, advisory fees or other similar fees paid to Aterian by any portfolio company; and (iii) 20% of break-up fees that are paid to Aterian with respect to Fund II or Fund III transactions that are not completed. The remaining 80% of such Supplemental Fees will be credited as an offset against the Management Fee. To the extent that such an offset credit would reduce the Management Fee for a given quarterly period below zero, the credit will be carried forward for future application against payable Management Fees, and if a credit remains upon liquidation, a payment will be made crediting limited partners unless a limited partner has elected to waive such amount (*e.g.*, where an adverse tax consequence may result). Supplemental Fee offsets generally are performed on a net basis, after giving effect to taxes and other expenses in connection with the receipt of such fees or the provision of related services. Additionally, as further described below and in the Governing Documents, it is Aterian's practice to use or retain an Operations Group (defined below) to provide services to (or with respect to) certain portfolio companies in which one or more Funds invest. Members of such Operations Group generally receive compensation and other amounts described herein from the relevant portfolio companies or Funds to which they provide services, but no such amounts will offset or reduce the Management Fee. For the avoidance of doubt, Aterian also will not offset compensation received from outside sources, such as residual employee board seats at entities that are no longer Fund portfolio companies.

Generally, except in the case of Aterian Co-Invest I, L.P., the Management Fee, if any, for a Fund will commence as of the date of such Fund's effective date, regardless of when a limited partner is actually admitted. The Management Fee will be paid out of current income and disposition proceeds of the Fund and, in the General Partner's discretion, from drawdowns that will reduce unfunded commitments.

Carried Interest

For Fund II and Fund III, the General Partner generally is entitled to a carried interest with respect to the Fund equal to 20% of all realized profits (subject to a specified, annually compounded preferred return with a related General Partner catch-up provision), as more fully described in the Governing Documents. The carried interest distributed to the General Partner is subject to a potential giveback at the end of the life of a Fund (and/or certain interim periods, as described in a Fund's Governing Documents) if the General Partner has received excess cumulative distributions. Aterian or an affiliate is entitled to a carried interest with respect to investments made by Aterian Investment Partners Distressed Opportunities, L.P. and Aterian Co-Invest I, L.P. Such carried interest generally varies from one deal to another.

Other Information

Aterian may exempt certain investors in the Funds from payment of all or a portion of Management Fees and/or carried interest, including Aterian and any other person designated by Aterian, such as "friends and family" of Aterian or its personnel, or other investors meeting certain qualification requirements based on commitment size or other strategic or relationship factors. The General Partners reserve the right to make any such exemption from fees and/or carried interest by a direct exemption, a rebate by Aterian and/or its affiliates, or through other Funds which co-invest with a Fund. For example, in instances where an Aterian professional or its affiliate invests in a Fund, such professional or its affiliate generally will be exempt from payment of the Management Fee and carried interest with respect to such Fund. Additionally, to the extent permitted by the relevant Limited Partnership Agreement, certain Advisers may have the right to permit investors, affiliated with an Adviser or otherwise, to invest through the relevant General Partner or other vehicles that do not bear Management Fees or carried interest. In general, the Management Fee offsets described above apply only with respect to the capital commitments of fee-paying investors.

The Funds generally invest on a long-term basis. Accordingly, investment advisory and other fees are expected to be paid, except as otherwise described in the Governing Documents, over the term of the Funds and investors generally are not permitted to withdraw or redeem interests in the Funds.

Affiliates of Aterian, including Principals and other employees, generally receive a portion of the Management Fee, carried interest or other compensation received from a Fund and/or its portfolio companies.

In addition to the Management Fee, if any, and carried interest payable to the General Partner, each Fund generally bears certain expenses. As set forth more fully in the Governing Documents, each Fund will pay, or reimburse the General Partner for all other fees, costs, expenses, liabilities and obligations relating to the Fund's (and its subsidiaries' and intermediate entities') activities, business, portfolio companies or actual or potential investments (to the extent not borne or reimbursed by a portfolio company or potential portfolio company), including all fees, costs, expenses, liabilities and obligations relating or attributable to: (i) activities with respect to the structuring, organizing, negotiating, consummating, financing, refinancing, acquiring (including the costs of attending conferences relating to specific investment opportunities and/or relevant industries or strategies in which a Fund invests), bidding on, owning, managing, monitoring, operating, holding, hedging, restructuring, trading, taking public

or private, selling, valuing, winding up, liquidating, or otherwise disposing of, as applicable, the Fund's portfolio companies and its actual and potential investments (including follow-on investments) or seeking to do any of the foregoing (including any associated legal, financing, commitment, transaction or other fees and expenses payable to attorneys, accountants, investment bankers, lenders, third-party diligence software and service providers, consultants and similar professionals in connection therewith and any fees and expenses related to transactions that may have been offered to co-investors), whether or not any contemplated transaction or project is consummated and whether or not such activities are successful; (ii) indebtedness of, or guarantees made by, the Fund, the General Partner or any "affiliated partner" on behalf of the Fund (including any credit facility, letter of credit or similar credit support), including interest with respect thereto, or seeking to put in place any such indebtedness or guarantee; (iii) financing, commitment, origination and similar fees and expenses; (iv) broker, dealer, underwriting (including both commissions and discounts), loan administration, sales commissions, investment banker, finder and similar services; (v) brokerage, sale, custodial, depository, trustee, record keeping, account and similar services; (vi) legal, accounting, research, auditing, administration (including fees and expenses associated with services performed by the Fund's third-party administrator, including anti-money laundering reviews and other related services, and administration or reporting software), information, appraisal, advisory, valuation (including third-party valuations, appraisals or pricing services), consulting (including consulting and retainer fees, costs and expenses and other compensation paid to consultants performing investment initiatives and other consultants, including, without limitation, consultants for portfolio company recruiting, hiring and/or other personnel matters (*e.g.*, headhunter fees, background check costs or relocation expenses)), tax and other professional services; (vii) reverse breakup, termination and other similar fees; (viii) directors and officers liability, errors and omissions liability, crime coverage and general partnership liability premiums and other insurance and regulatory expenses; (ix) filing, title, transfer, registration and other similar fees and expenses; (x) printing, communications, marketing and publicity; (xi) the preparation, distribution or filing of Fund-related or investment-related financial statements or other reports, tax returns, tax estimates, Schedule K-1s, or any other administrative, compliance or regulatory filings or reports, or other information, including fees and costs of any third-party service providers and professionals related to the foregoing; (xii) developing, licensing, implementing, maintaining or upgrading any web portal, extranet tools, computer software or other administrative or reporting tools (including subscription-based services) for the benefit of the Fund or the limited partners; (xiii) any activities with respect to protecting the confidential or non-public nature of any information or data; (xiv) to the extent provided in the Governing Documents, or otherwise approved by the General Partner in its sole discretion, activities or proceedings of the advisory board (including any reasonable costs and expenses incurred by representatives of the General Partner, the advisory board members, permitted observers and other persons in attending or otherwise participating in meetings of the advisory board); (xv) indemnification (including any fees, costs and expenses incurred in connection with indemnifying any partner or other person pursuant to the Governing Documents and advancing fees, costs and expenses incurred by any such person in defense or settlement of any claim that may be subject to a right of indemnification pursuant to the Governing Documents), except as otherwise set forth in the Governing Documents; (xvi) actual, threatened or otherwise anticipated litigation, mediation, arbitration or other dispute resolution process, including any judgment, other award or settlement entered into in connection therewith; (xvii) any annual limited partner

meeting or other periodic, if any, meeting of the limited partners, any other conference or meeting with any limited partner(s), and any periodic seminar or executive forum involving portfolio company management and/or other persons; (xviii) except as otherwise determined by the General Partner in its sole discretion, any fee, cost, expense, liability or obligation relating to any alternative investment vehicle or its activities, business, portfolio companies or actual or potential investments (to the extent not borne or reimbursed by a portfolio company of such alternative investment vehicle) that would be a Fund expense or organizational expense if it were incurred in connection with the Fund; (xix) the termination, liquidation, winding up or dissolution of the Fund; (xx) defaults by partners in the payment of any capital contributions; (xxi) amendments to, and waivers, consents or approvals pursuant to, the constituent documents of the Fund, the General Partner and related entities and any alternative investment vehicle of the Fund, including the preparation, distribution and implementation thereof; (xxii) complying with any law or regulation related to the activities of the Fund (including regulatory expenses of the General Partner incurred in connection with the operation of the Fund and legal fees and expenses); (xxiii) any litigation or governmental inquiry, investigation or proceeding involving the Fund, including the amount of any judgments, settlements or fines paid in connection therewith, except as set forth in the Partnership Agreement; (xxiv) unreimbursed costs and expenses incurred in connection with any transfer or proposed transfer by a limited partner, to the extent not borne by the relevant limited partner; (xxv) any taxes, fees and other governmental charges levied against the Fund and all expenses incurred in connection with any tax audit, investigation settlement or review of the Fund (except to the extent that the Fund is reimbursed therefor by a partner or such tax, fee or charge is treated as having been distributed to the partners pursuant to the Governing Documents); (xxvi) distributions to the partners and other expenses associated with the acquisition, holding and disposition of the Fund's investments, including extraordinary expenses; (xxvii); compliance or regulatory matters related to the Fund, except as set forth in the Governing Documents; (xxviii) any travel (including air travel, car or ride sharing services and/or other modes of transportation), lodging, meals or entertainment (including closing dinners or other similar events) relating to any of the foregoing, including in connection with consummated and unconsummated investment and disposition opportunities; and (xxix) any other fees, costs, expenses, liabilities or obligations approved by the advisory board. Brokerage fees may be incurred in accordance with the practices set forth in "Brokerage Practices." Generally included in the expenses permitted to be borne by a Fund are the fees, costs, expenses, liabilities and obligations of legal counsel, consultants and/or other service providers to procure, develop, establish, review, revise, customize, upgrade and/or negotiate relationships relating to the foregoing items, which generally are expected to be significant. In certain cases, these or similar expenses (and/or Supplemental Fees) are expected to be charged to portfolio companies, capitalized into the cost basis of a transaction or, to the extent necessary or desirable for operational, administrative, tax or other reasons, charged at the level of an intermediate holding company between the relevant Fund and the portfolio company.

As described above, in certain circumstances, the relevant General Partner reserves the right to permit certain investors to co-invest in portfolio companies alongside one or more Funds subject to Aterian's related policies and the Governing Documents and/or Side Letter(s). If a co-invest vehicle is formed, such entity will bear expenses related to its formation and operation, many of which are similar in nature to those borne by the Funds. In the event that a transaction in which a co-investment was planned, including a transaction for which a co-investment was

believed necessary in order to consummate such transaction, ultimately is not consummated, all expenses relating to such unconsummated transaction will be borne by the Fund(s), and not by any prospective co-investors, that were to have participated in such transaction. However, to the extent that such co-investors have already invested in a co-invest or other vehicle in connection with such transaction, such vehicle is expected to bear its share of such expenses.

Aterian and/or its affiliates generally have discretion over whether to charge Supplemental Fees or other compensation to a portfolio company and, if so, the rate, timing, method and/or amount of such compensation, as well as to charge such amounts at varying levels in a portfolio company's holding or operating structure. In most circumstances, such compensation is not reviewed or approved by an independent third party. The receipt of Supplemental Fees generally will give rise to potential conflicts of interest between the Fund(s), on the one hand, and Aterian and/or its affiliates on the other hand.

Operating Partners

Additionally, as further described herein and in the Governing Documents, Aterian has established an operations group (the “**Operations Group**”), which consists of certain persons employed or retained by Aterian. It is Aterian's practice to utilize members of the Operations Group to provide services to (or with respect to) one or more Funds or certain current or prospective portfolio companies in which one or more Funds invest. Such Operations Group members generally provide manufacturing, sales, marketing, technology, human resources, identification, acquisition integration/rationalization, operational improvement, acquisition, due diligence and other similar services to the Fund(s), portfolio companies and prospective portfolio companies. In certain circumstances, these services also include serving in management or policy-making positions for portfolio companies. Operations Group members receive compensation, including, but not limited to cash fees, retainers, transaction fees, profits or equity interests in one or more portfolio companies, incentive equity and stock awards, profits or equity interests in one or more Funds or General Partners, remuneration from Aterian and/or its Funds or affiliates or other compensation (including an allocation for overhead and other fixed costs). Members of the Operations Group also generally will be reimbursed for certain travel and other costs in connection with their services. The use of the Operations Group subjects Aterian to potential conflicts of interest, as discussed under “Conflicts of Interest,” below.

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As described under “Fees and Compensation,” the relevant General Partner generally receives a carried interest allocation on certain realized profits in the Funds. A carried interest allocation represents an investment adviser's compensation based on a percentage of net profits of the funds it manages. Aterian does not currently advise Funds not subject to a carried interest.

The existence of performance-based compensation has the potential to create an incentive for the General Partner to make more speculative investments on behalf of a Fund than it would otherwise make in the absence of such arrangement, although Aterian generally considers performance-based compensation to better align its interests with those of its investors.

TYPES OF CLIENTS

Aterian provides investment advice solely to its Fund clients, and references throughout this Brochure to “clients” and to Aterian’s related duties to and practices on behalf of its clients and/or investors should be construed accordingly. The Funds generally include investment partnerships or other investment entities formed under domestic or foreign laws and operated as exempt investment pools under the Investment Company Act. The investors participating in the Funds generally include individuals, banks or thrift institutions, other investment entities, university endowments, family offices, pension and profit-sharing plans, trusts, estates or charitable organizations or other corporations or business entities and from time to time include, directly or indirectly, Principals or other employees of Aterian and its affiliates and members of their families, members of the Operations Group other service providers retained by Aterian.

The Funds generally have a minimum investment amount of \$5 million for third-party investors. Generally, investors must be “accredited investors” as defined under Regulation D of the Securities Act of 1933, and may also be required to be either “qualified purchasers” or “knowledgeable employees” as defined under the Investment Company Act. Aterian generally is permitted to waive such minimum investment amounts and qualification requirements.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

General

Aterian seeks to invest primarily in middle market companies and build active, hands-on partnerships with management teams to create significant long-term value for all stakeholders. Aterian will generally focus on investing with a focus on: primarily control investments, turnarounds, companies or industries in transition, supporting untapped market opportunities, companies in need of operational support, restructurings, carve-outs, underperformers and other unique investment situations in middle market companies.

The following is a summary of the investment strategies and methods of analysis generally employed by Aterian on behalf of the Funds. There can be no assurance that Aterian will achieve the investment objectives of the Funds and a loss of investment is possible.

Investment and Operating Strategy

Aterian is an operationally-focused middle market private equity firm, providing resources to further enhance operations, growth and investment initiatives. Aterian generally invests in businesses generating \$25 million to \$500 million in annual revenues with strong, proven franchises in need of up to approximately \$70 million of capital. Aterian’s Principals have extensive experience investing in complicated situations including corporate carve-outs, restructurings both in and out of bankruptcy, and strategic investments necessary to build and enhance value for all stakeholders. Aterian intends to invest across a broad range of industries, in both control and non-control situations across the capital structure in addition to bridging the entire purchase price, providing sellers speed and certainty of closing.

Risks of Investment

The Funds and their investors bear the risk of loss that Aterian's investment strategy entails. Although the following risk factors are generally applicable to Aterian's Funds, investors should also refer to a Fund's Memorandum for risk factors specific to that Fund. The risks involved with Aterian's investment strategy and an investment in the Funds include, but are not limited to:

Business Risks. Each Fund's investment portfolio will consist primarily of securities issued by privately held companies, and operating results in a specified period will be difficult to predict. Such investments involve a high degree of business and financial risk that can result in substantial losses.

Future and Past Performance. The performance of Aterian's prior investments is not necessarily indicative of a Fund's future results. While Aterian intends for the Funds to make investments that have estimated returns commensurate with the risks undertaken, there can be no assurances that any targeted internal rate of return will be achieved. On any given investment, loss of principal is possible.

Investment in Junior Securities. The securities in which a Fund will invest may be among the most junior in a portfolio company's capital structure and, thus, subject to the greatest risk of loss. Generally, there will be no collateral to protect a Fund's investment once made.

Lack of Unilateral Control. Even if a Fund is the majority investor or controlling shareholder, as applicable, of a portfolio company, in certain circumstances it may not have unilateral control of the portfolio company. To the extent the Fund invests alongside third parties, such as institutional co-investors or private equity funds of other sponsors, or makes a minority investment, the relevant portfolio companies may be controlled or influenced by persons who have economic or business interests, investment or operational goals, tax strategies or other considerations that differ from or are inconsistent with those of the Funds or their limited partners. Such third parties may be in a position to take action contrary to the Fund's business, tax or other interests, and the Fund may not be in a position to limit such contrary actions or otherwise protect the value of its investment.

Concentration of Investments. The Funds will participate in a limited number of investments and may seek to make several investments in one industry or one industry segment. As a result, a Fund's investment portfolio could become highly concentrated, and the performance of a few holdings or of a particular industry may substantially affect its aggregate return. Furthermore, to the extent that the capital raised is less than the targeted amount, the Funds may invest in fewer portfolio companies and thus be less diversified.

Lack of Sufficient Investment Opportunities. The business of identifying and structuring private equity transactions is highly competitive and involves a high degree of uncertainty. It is possible that a Fund will never be fully invested if enough sufficiently attractive investments are not identified. However, regardless of the extent to which the commitments of the limited partners are invested (or drawn down to be invested), limited partners will be required to pay

annual Management Fees during the commitment period based on the entire amount of their commitments.

Dynamic Investment Strategy. While Aterian generally intends to seek attractive returns for a Fund primarily through making private equity investments as described herein, Aterian may pursue additional investment strategies and may modify or depart from its initial investment strategy, investment process and investment techniques as it determines appropriate. Aterian may pursue investments outside of the industries and sectors in which Aterian has previously made investments or have internal operational experience.

Illiquidity; Lack of Current Distributions. An investment in a Fund should be viewed as illiquid. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. The return of capital and the realization of gains, if any, generally will occur only upon the partial or complete disposition of an investment. While an investment may be sold at any time, it is generally expected that this will not occur for a number of years after the initial investment. Before such time, there may be no current return on the investment. Furthermore, the expenses of operating a Fund (including the annual Management Fee payable to the General Partner) may exceed its income, thereby requiring that the difference be paid from the Fund's capital, including, without limitation, unfunded commitments.

Leveraged Investments. A Fund may make use of leverage by incurring or having a portfolio company incur debt to finance a portion of its investment in a given portfolio company, including in respect of companies not rated by credit agencies. Leverage generally magnifies both a Fund's opportunities for gain and its risk of loss from a particular investment. The cost and availability of leverage is highly dependent on the state of the broader credit markets, which state is difficult to accurately forecast, and at times it may be difficult to obtain or maintain the desired degree of leverage. The use of leverage may also result in interest expense and other costs to the Fund that may not be covered by distributions made to the Fund or appreciation of its investments. The use of leverage also imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and may impair its ability to finance future operations and capital needs. The leveraged capital structure of portfolio companies will increase the exposure of a Fund's investments to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment or rising interest rates and could accelerate and magnify declines in the value of the Fund's investments in the leveraged portfolio companies in a down market. In the event any portfolio company cannot generate adequate cash flow to meet debt service, a Fund may suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of the Fund. Furthermore, should the credit markets be tight at the time the Fund determines that it is desirable to sell all or a part of a portfolio company, the Fund may not achieve an exit multiple or enterprise valuation consistent with its forecasts. Moreover, the companies in which the Fund will invest generally will not be rated by a credit rating agency.

Subscription Lines. A Fund may use a subscription line with one or more lenders in order to finance its operations (including the acquisition of the Fund's investments). The use of a subscription line subjects limited partners to certain risks and costs. For example, because amounts borrowed under a subscription line typically are secured by pledges of the relevant

General Partner's right to call capital from the limited partners, limited partners may be obligated to contribute capital on an accelerated basis if the Fund fails to repay the amounts borrowed under a subscription line or experiences an event of default thereunder. Moreover, any limited partner claim against the Fund would likely be subordinate to the Fund's obligations to a subscription line's creditors.

In addition, a subscription line will result in incremental partnership expenses that will be borne by investors. These expenses typically include interest on the amounts borrowed, unused commitment fees on the committed but unfunded portion of a subscription line, an upfront fee for establishing a subscription line, and other one-time and recurring fees and/or expenses, as well as legal fees relating to the establishment and negotiation of the terms of the borrowing facility. Because a subscription line's interest rate is based in part on the creditworthiness of the relevant Fund's limited partners and the terms of the Governing Documents, it may be higher than the interest rate a limited partner could obtain individually. To the extent a particular limited partner's cost of capital is lower than the Fund's cost of borrowing, such borrowing can negatively impact a limited partner's overall individual financial returns even if it increases the Fund's reported net returns in certain methods of calculation. Conflicts of interest have the potential to arise in that the use of Fund-level borrowing typically delays the need for limited partners to make contributions to a Fund, which in certain circumstances enhances the relevant Fund's internal rate of return calculations and thereby may be deemed to benefit the marketing efforts of the General Partner and its affiliates. Conflicts of interest also have the potential to arise to the extent that a subscription line is used to make an investment that is later sold in part to co-investors, and to the extent co-investors are not required to act as guarantors under the relevant facility or pay related costs or expenses, co-investors nevertheless stand to receive the benefit of the use of the subscription line and neither the relevant Fund nor investors generally will be compensated for providing the relevant guarantee(s) or being subject to the related costs, expenses and/or liabilities.

A credit agreement may contain other terms that restrict the activities of a Fund and the limited partners or impose additional obligations on them. For example, a subscription line may impose restrictions on the relevant General Partner's ability to consent to the transfer of a limited partner's interest in the Fund. In addition, in order to secure a subscription line, the relevant General Partner may request certain financial information and other documentation from limited partners to share with lenders. The General Partner will have significant discretion in negotiating the terms of any subscription line and may agree to terms that are not the most favorable to one or more limited partners.

The use of a subscription line involves a number of additional potential risks. For example, drawing down on a subscription line allows the General Partner to fund investments and pay partnership expenses without calling capital, potentially for extended periods of time. Calling a large amount of capital at once to repay the then-current amount outstanding under a subscription line could cause short-term liquidity concerns for limited partners that would not arise had the relevant General Partner called smaller amounts of capital incrementally over time as needed by a Fund. This risk would be heightened for a limited partner with commitments to other funds that employ similar borrowing strategies or with respect to other leveraged assets in its portfolio; a single market event could trigger simultaneous capital calls, requiring the limited partner to meet the accumulated, larger capital calls at the same time. A Fund may also utilize

such borrowing when the General Partner expects to repay the amount outstanding through means other than limited partner capital, including as a bridge for equity or debt capital with respect to an investment. If the Fund ultimately is unable to repay the borrowings through those other means, limited partners would end up with increased exposure to the underlying investment, which could result in greater losses.

Limited Transferability of Fund Interests. There will be no public market for Fund interests, and none is expected to develop. There are substantial restrictions upon the transferability of Fund interests under the Governing Documents and applicable securities laws. In general, withdrawals of Fund interests are not permitted. In addition, Fund interests are not redeemable.

Restricted Nature of Investment Positions. Generally, there will be no readily available market for the Funds' investments, and hence, most of the Funds' investments will be difficult to value. Certain investments may be distributed in kind to the partners.

Reliance on the General Partner and Portfolio Company Management. Control over the operation of the Funds will be vested with the General Partner, and a Fund's future profitability will depend largely upon the business and investment acumen of Aterian. The loss or reduction of service of one or more of the Principals of Aterian could have an adverse effect on a Fund's ability to realize its investment objectives. Limited partners generally have no right or power to take part in the management of a Fund, and as a result, the investment performance of a Fund will depend on the actions of the General Partner. In addition, certain changes in the General Partner or circumstances relating to the General Partner may have an adverse effect on a Fund or one or more of its portfolio companies including potential acceleration of debt facilities.

Although the General Partner will monitor the performance of each Fund investment, it will primarily be the responsibility of each portfolio company's management team to operate such portfolio company on a day-to-day basis. Although each Fund generally intends to invest in companies with strong management or recruit strong management to such companies, there can be no assurance that the management of such companies will be able or willing to successfully operate a company in accordance with the Fund's objectives.

Limited Operating History. A Fund has no operating history and will be entirely dependent on the General Partner. Furthermore, there can be no assurance that a Fund's investments will achieve results similar to those attained by previous investments of the Principals. In addition, a Fund's investments may differ from previous investments made by the Principals in a number of respects, including target return levels, level of risk associated with a particular investment, amount invested in a particular company, types of companies within a particular sector, amount of leverage used, structure and holding period.

Projections. Projected operating results of a company in which a Fund invests 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 information received from the company and assumptions made at the time the projections are developed. There can be no assurance that the results set forth in the projections will be attained, and actual results may

be significantly different from the projections. Also, general economic factors, which are not predictable, can have a material effect on the reliability of projections.

Need for Follow-On Investments. Following its initial investment in a given portfolio company, a Fund may decide to provide additional funds to such portfolio company or may have the opportunity to increase its investment in a successful portfolio company. There can be no assurance that a Fund will make follow-on investments or that the Fund will have sufficient funds to make all or any of such investments. Any decision by a Fund not to make follow-on investments or its inability to make such investments may have a substantial negative effect on a portfolio company in need of such an investment. Additionally, such failure to make such investments may result in a lost opportunity for a Fund to increase its participation in a successful portfolio company or the dilution of a Fund's ownership in a portfolio company if a third party invests in such portfolio company.

Non-U.S. Investments. The Funds may invest in portfolio companies that are organized or headquartered or have substantial sales or operations outside of the United States, its territories, and possessions. Such investments may be subject to certain additional risk due to, among other things, potentially unsettled points of applicable governing law, the risks associated with fluctuating currency exchange rates, capital repatriation regulations (as such regulations may be given effect during the term of a Fund), the application of complex U.S. and non-U.S. tax rules to cross-border investments, possible imposition of non-U.S. taxes on the Fund and/or the Partners with respect to the Fund's income, and possible non-U.S. tax return filing requirements for the Fund and/or the Partners.

Additional risks of non-U.S. investments include: (a) economic dislocations in the host country; (b) less publicly available information; (c) less well-developed regulatory institutions; (d) greater difficulty of enforcing legal rights in a non-U.S. jurisdiction; (e) civil disturbances; (f) government instability; and (g) nationalization and expropriation of private assets. Moreover, non-U.S. companies may not be subject to uniform accounting, auditing and financial reporting standards, practices and requirements comparable to those that apply to U.S. companies.

Hedging Arrangements. The General Partner may (but is not obligated to) endeavor to manage a Fund's or any portfolio company's currency exposures, interest rate exposures or other exposures, using hedging techniques where available and appropriate. A Fund may incur costs related to such hedging arrangements, which may be undertaken in exchange-traded or over-the-counter ("OTC") contexts, including futures, forwards, swaps, options and other instruments. There can be no assurance that adequate hedging arrangements will be available on an economically viable basis or that such hedging arrangements will achieve the desired effect, and in some cases hedging arrangements may result in losses greater than if hedging had not been used.

In some cases, particularly in OTC contexts, hedging arrangements will subject a Fund to the risk of a counterparty's inability or refusal to perform under a hedging contract, or the potential loss of assets held by a counterparty, custodian or intermediary in connection with such hedging. OTC contracts may expose a Fund to additional liquidity risks.

Certain hedging arrangements may create for the General Partner and/or one of its affiliates a registration or exemption obligation with the U.S. Commodity Futures Trading Commission or other regulator.

Significant Adverse Consequences for Default. The Governing Documents provides for significant adverse consequences in the event a limited partner defaults on its commitment or any other payment obligation. In addition to losing its right to potential distributions from a Fund, a defaulting limited partner may be forced to transfer its interest in a Fund for an amount that is less than the fair market value of such interest and that may be paid over a period of up to ten years, without interest.

Dilution. Limited partners admitted or that increase their respective commitments to a Fund at subsequent closings generally will participate in then-existing investments of the Fund, thereby diluting the interest of existing limited partners in such investments. Although any such new limited partner will be required to contribute its pro rata share of previously made capital contributions, there can be no assurance that this contribution will reflect the fair value of a Fund's existing investments at the time of such contributions.

Non-controlling Investments. A Fund may hold meaningful minority stakes in privately held companies. In addition, during the process of exiting investments, a Fund at times may hold minority equity stakes of any size, such as might occur if portfolio holdings are taken public. As is the case with minority holdings in general, such minority stakes that a Fund may hold will have neither the control characteristics of majority stakes nor the valuation premiums accorded majority or controlling stakes.

Director Liability. A Fund may obtain the right to appoint one or more representatives to the board of directors (or similar governing body) of the portfolio companies in which it invests. Serving on the board of directors (or similar governing body) of a portfolio company exposes a Fund's representatives, and ultimately the Fund, to potential liability. Not all portfolio companies may obtain insurance with respect to such liability, and the insurance that portfolio companies do obtain may be insufficient to adequately protect officers and directors from such liability.

Litigation. In the ordinary course of its business, a Fund may be subject to litigation from time to time. The outcome of such proceedings may materially adversely affect the value of a Fund and may continue without resolution for long periods of time. Any litigation may consume substantial amounts of the General Partner's and the Principals' time and attention, and that time and the devotion of these resources to litigation may, at times, be disproportionate to the amounts at stake in the litigation.

Uncertain Economic and Political Environment. Consumer, corporate and financial confidence may be adversely affected by current or future tensions around the world, fear of terrorist activity and/or military conflicts, localized or global financial crises or other sources of political, social or economic unrest. Such erosion of confidence may lead to or extend a localized or global economic downturn. A climate of uncertainty may reduce the availability of potential investment opportunities, and increases the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. In addition, limited availability of

credit for consumers, homeowners and businesses, including credit used to acquire businesses, in an uncertain environment or economic downturn may have an adverse effect on the economy generally and on the ability of a Fund and its portfolio companies to execute their respective strategies and to receive an attractive multiple of earnings on the disposition of businesses. This may slow the rate of future investments by a Fund and result in longer holding periods for investments. Furthermore, such uncertainty or general economic downturn may have an adverse effect upon a Fund's portfolio companies.

Market Conditions. The capital markets have experienced great volatility and financial turmoil. Moreover, governmental measures undertaken in response to such turmoil (whether regulatory or financial in nature) may have a negative effect on market conditions. General fluctuations in the market prices of securities and economic conditions generally may reduce the availability of attractive investment opportunities for a Fund and may affect a Fund's ability to make investments. Instability in the securities markets and economic conditions generally (including a slow-down in economic growth and/or changes in interest rates or foreign exchange rates) may also increase the risks inherent in a Fund's investments and could have a negative impact on the performance and/or valuation of the portfolio companies. A Fund's performance can be affected by deterioration in the capital markets and by market events, such as the onset of the credit crisis in the summer of 2007 or the downgrading of the credit rating of the United States in 2011, which, among other things, can impact the public market comparable earnings multiples used to value privately held portfolio companies and investors' risk-free rate of return. Movements in foreign exchange rates may adversely affect the value of investments in portfolio companies and a Fund's performance. Volatility and illiquidity in the financial sector may have an adverse effect on the ability of a Fund to sell and/or partially dispose of its portfolio company investments. Such adverse effects may include the requirement of a Fund to pay break-up, termination or other fees and expenses in the event the Fund is not able to close a transaction (whether due to the lenders' unwillingness to provide previously committed financing or otherwise) and/or the inability of a Fund to dispose of investments at prices that the General Partner believes reflect the fair value of such investments. The impact of market and other economic events may also affect a Fund's ability to raise funding to support its investment objectives.

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

Limited Access to Information. Limited partners' rights to information regarding a Fund, the relevant General Partner or Aterian generally will be specified, and in many cases strictly limited, by the Governing Documents. In particular, it is anticipated that the General Partner and its affiliates will obtain certain types of material information from or relating to a Fund's investments that will not be disclosed to limited partners because such disclosure is prohibited, including as a result of contractual, legal or similar obligations outside of Aterian's control. Decisions by Aterian or its affiliates to withhold information may have adverse consequences for limited partners in a variety of circumstances. For example, a limited partner that seeks to transfer its interest in a Fund may have difficulty in determining an appropriate price for such interest. Decisions to withhold information may also make it difficult for a limited partner to monitor Aterian and its performance. Additionally, it is anticipated that limited partners that designate representatives to participate on a Fund's advisory board generally may, by virtue of such participation, have more or earlier information about a Fund and its investments in certain circumstances than other limited partners. Limited partners generally will bear the expenses of responding to disclosure requests, including in connection with state public records, similar freedom of information and other laws, whether or not the relevant Fund succeeds in asserting confidentiality for requested documents and other materials, and Aterian reserves the right to withhold certain information from investors subject to such laws for reasons relating to Aterian's public reputation, business strategy or other reasons.

Regulatory Restrictions. Anti-money laundering, anti-boycott and economic and trade sanction laws and regulations in the United States and other jurisdictions may prevent Aterian or the Funds from entering into transactions with certain individuals or jurisdictions. The United States Department of the Treasury's Office of Foreign Assets Control ("OFAC") and other governmental bodies administer and enforce laws, regulations and other pronouncements that establish economic and trade sanctions on behalf of the United States. Among other things, these sanctions may prohibit transactions with or the provision of services to, certain individuals or portfolio companies owned or operated by such persons, or located in jurisdictions identified from time to time by OFAC. Additionally, antitrust laws in the United States and other jurisdictions give broad discretion to the U.S. Federal Trade Commission, the United States Department of Justice and other U.S. and non-U.S. regulators and governmental bodies to challenge, impose conditions on or reject certain transactions. In certain circumstances, antitrust restrictions relating to one Fund's acquisition of a portfolio company may preclude other Funds from making an attractive acquisition or require one or more other Funds to sell all or a portion of certain portfolio companies owned by them.

Outbreaks of Infectious or Contagious Diseases. There have been a number of outbreaks of infectious disease in recent decades, including SARS, H1N1/09 flu, avian flu, ebola and, as of March 2020, there is an outbreak of a novel and highly contagious form of coronavirus ("COVID-19"), which the World Health Organization has declared a "Pandemic." The outbreak of COVID-19 has resulted in numerous deaths, adversely impacted global commercial activity and contributed to significant volatility in certain markets, including equity, debt and commodities markets. The global impact of the outbreak is rapidly evolving, and many governments have reacted by instituting quarantines, prohibitions on travel and the closure of offices, businesses, schools, retail stores and other public venues. Businesses are also implementing similar precautionary measures. Such measures, as well as the general uncertainty

surrounding the dangers and impact of COVID-19, are creating significant disruption in supply chains and economic activity and are having a particularly adverse impact on transportation, commodities, hospitality, tourism, entertainment and other industries. As COVID-19 continues to spread, the potential impacts, including a global, regional or other economic recession, as well as the scale of such impacts, are increasingly uncertain and difficult to assess.

Any public health emergency, including COVID-19 or other existing or new infectious disease, or the threat thereof, could materially and adversely impact the value and performance of the Funds' investments, the Funds' ability to source, manage, value and divest investments and the Funds' ability to achieve their investment objectives. In addition, the operations of the Funds, their investments, the General Partners and Aterian may be significantly impacted, or even temporarily or permanently halted, as a result of actual or potential government-imposed quarantine measures, mandatory, voluntary or precautionary restrictions on travel or meetings, and other factors related to a public health emergency, including the potential adverse impact on the finances, freedom of movement or health of any such entity's personnel. Any of the foregoing events could result in significant losses to the Funds. The extent of the impact of any public health emergency will depend on many factors, including the duration and scope of such public health emergency, the extent of any related travel advisories and restrictions implemented (including any government-imposed quarantine measures and any voluntary and precautionary restrictions on travel or meetings), the impact of such public health emergency on overall supply and demand, goods and services, investment liquidity, consumer confidence and levels of economic activity and the extent of its disruption to important global, regional and local supply chains and markets, all of which are highly uncertain and cannot be predicted.

Cybersecurity Risks. Recent events have illustrated the ongoing cybersecurity risks to which operating companies are subject. To the extent that a portfolio company is subject to cyber attack or other unauthorized access is gained to a portfolio company's systems, such portfolio company may be subject to substantial losses in the form of stolen, lost or corrupted (i) customer data or payment information; (ii) customer or portfolio company financial information; (iii) portfolio company software, contact lists or other databases; (iv) portfolio company proprietary information or trade secrets; or (v) other items. In certain events, a portfolio company's failure or deemed failure to address and mitigate cybersecurity risks may be the subject of civil litigation or regulatory or other action. Any of such circumstances could subject a portfolio company, or the relevant Fund, to substantial losses. In addition, in the event that such a cyber-attack or other unauthorized access is directed at Aterian or one of its service providers holding its financial or investor data, Aterian, its affiliates or the Funds may also be at risk of loss, despite efforts to prevent and mitigate such risks.

Privacy and Data Protection Law Compliance Risk. The adoption, interpretation and application of consumer protection, data protection and/or privacy laws and regulations ("Privacy Laws") in the United States, Europe and elsewhere could significantly impact current and planned privacy- and information security-related practices, the collection, use, sharing, retention and safeguarding of personal data and current and planned business activities of Aterian, the General Partners, the Funds and/or their portfolio companies, and increase compliance costs and require the dedication of additional time and resources to compliance for such entities. A failure to comply with such Privacy Laws by any such entity or their service

providers could result in fines, sanctions or other penalties, which could materially and adversely affect the results of operations and overall business, as well as have a negative impact on reputation and Fund performance. As Privacy Laws are implemented, interpreted and applied, compliance costs for Aterian, the General Partners, the Funds and/or their portfolio companies, are likely to increase, particularly in the context of ensuring that adequate data protection and data transfer mechanisms are in place.

For example, California has passed the California Consumer Privacy Act of 2018, and the European Union has enacted the General Data Protection Regulation (EU 2016/679), each of which broadly impacts businesses that handle various types of personal data, potentially including private fund managers and their funds and investments. Such laws impose stringent legal and operational obligations on regulated businesses, as well as the potential for significant penalties.

Other jurisdictions, including other U.S. states, have proposed or are considering similar Privacy Laws, which if enacted could impose similarly significant costs, potential liabilities and operational and legal obligations. Such Privacy Laws and regulations are expected to vary from jurisdiction to jurisdiction, thus increasing costs, operational and legal burdens, and the potential for significant liability for regulated entities, which could include Aterian, the General Partners, the Funds and/or their portfolio companies.

Conflicts of Interest

Aterian and its related entities engage in a broad range of advisory and non-advisory activities, including investment activities for their own account and for the account of other Funds, and providing transaction-related, investment advisory, management and other services to Funds and portfolio companies. Aterian will devote such time, personnel and internal resources as are necessary to conduct the business affairs of the Funds in an appropriate manner, as required by the relevant Limited Partnership Agreement, although the Funds and their respective investments will place varying levels of demand on these resources over time. In the ordinary course of Aterian conducting its activities, the interests of a Fund likely will conflict with the interests of Aterian, one or more other Funds, portfolio companies or their respective affiliates in certain circumstances. Certain of these conflicts of interest are discussed herein. As a general matter, Aterian will determine all matters relating to structuring transactions and Fund operations using its reasonable judgment considering all factors it deems relevant, but in its sole discretion, subject in certain cases to the required approvals by the advisory committee of a participating Fund.

During the commitment period of a Fund, Aterian generally pursues all appropriate investment opportunities through such Fund, subject to certain limited exceptions, as described in the applicable Governing Documents and Aterian's allocation policies. However, Aterian may manage other investment funds and investments similar to those in which the Funds invest, and expects to direct certain relevant investment opportunities or resources to those investment funds and investments. Aterian's investment staff will continue to manage and monitor such investment funds and investments. Aterian's significant investment in a Fund, as well as Aterian's interest in any Management Fee or carried interest with respect to such Fund, operate to align, to some extent, the interest of Aterian with the interest of the partners of such Fund,

although Aterian may have economic interests in such other investment funds and investments as well and receive Management Fees and carried interests relating to such interests. Such other investment funds and investments that Aterian expects from time to time to control or manage generally have the potential to compete with a Fund or companies acquired by such Fund. Following the commitment period of a Fund, Aterian reserves the right to, and likely will, focus its investment activities on other opportunities and areas unrelated to such Fund's investments.

From time to time, Aterian will be presented with investment opportunities that would be suitable for more than one of the Funds and/or other investment vehicles operated by advisory affiliates of Aterian. In determining which investment vehicles should participate in such investment opportunities, Aterian and its affiliates are subject to conflicts of interest among the investors in such investment vehicles. Except as required by the relevant Governing Documents, Aterian is not obligated to recommend any investment to any particular investment vehicle. Aterian attempts to resolve such conflicts of interest in light of its obligations to investors in its Funds and the obligations owed by Aterian's advisory affiliates to investors in investment vehicles managed by them, and attempts to allocate investment opportunities among such entities in a fair and equitable manner. Where necessary, Aterian consults and receives consent to conflicts from an advisory board consisting of limited partners of the applicable Fund(s) and such other investment vehicles, if any.

Aterian may, in its sole discretion, provide or commit to provide co-investment opportunities to one or more limited partners of a Fund and/or other persons. Co-investment funds ("**Co-Invest Funds**") may be established in order to invest alongside one or more other Funds, and Aterian typically will have limited discretion to invest the assets of these Co-Invest Funds independently of the limitations set forth in the Limited Partnership Agreement of such Co-Invest Funds and the associated Fund. Participation in co-investment opportunities or Co-Invest Funds typically will be limited based on the circumstances and a variety of factors, including as may be set forth in a Fund's Governing Documents.

Subject to any relevant restrictions or other limitations contained in the Governing Documents, Aterian will allocate fees and expenses in a manner that it believes is fair and equitable to its clients under the circumstances over time and considering such factors as it deems relevant, but in any case in its sole discretion. In exercising such discretion, Aterian expects to be faced with a variety of potential conflicts of interest.

As a general matter, Fund expenses typically will be allocated among all relevant Funds or co-invest vehicles eligible to reimburse expenses of that kind. In all such cases, subject to applicable legal, contractual or similar restrictions, expense allocation decisions generally will be made by Aterian or its affiliates using their reasonable judgment, considering such factors as they deem relevant, but in their sole discretion. The allocations of such expenses may not be proportional, and any such determinations involve inherent matters of discretion, e.g., in determining whether to allocate *pro rata* based on number of Funds or co-invest vehicles receiving related benefits or proportionately in accordance with asset size, or in certain circumstances determining whether a particular expense has greater benefit to a Fund or Aterian. The Funds generally have different expense reimbursement terms, which is expected from time to time to result in the Funds bearing different levels of expenses, including with respect to the same investment.

In certain cases, Aterian will have the opportunity (but, subject to any applicable restrictions or procedures in the Governing Documents, no obligation) to identify one or more secondary transferees of interests in a Fund. In such cases, Aterian will not receive compensation for identifying such transferees, and will use its discretion to select such transferees based on suitability and other factors, and unless required by the Governing Documents, will determine in its sole discretion whether the opportunity to receive a transfer of Fund interests should be offered to one or more existing Fund investors.

As a result of the Funds' controlling interests in portfolio companies, Aterian and/or its affiliates typically have the right to appoint board members to such portfolio companies, or to influence their appointment, and to determine or influence a determination of their compensation. From time to time, portfolio company board members approve compensation and/or other amounts payable to Aterian and/or its affiliates. Except to the extent such amounts are subject to the Limited Partnership Agreements' offset provisions, they will be in addition to any Management Fees or carried interest paid by a Fund to Aterian.

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

Aterian generally exercises its discretion to recommend to a Fund or to a portfolio company thereof that it contract for services with certain service providers, and from time to time such service providers are expected to include: (i) Aterian or a related person of Aterian (which may include a portfolio company of such Fund); (ii) an entity with which Aterian or its affiliates or current or former members of their personnel has a relationship or from which Aterian or its affiliates or their personnel otherwise derives financial or other benefit, including relationships with joint venturers or co-venturers, or relationships where Aterian personnel are seconded, or from which Aterian receives secondees; or (iii) certain limited partners or their affiliates. For example, Aterian expects to be presented with opportunities to receive financing and/or other services in connection with a Fund's investments from certain limited partners or their affiliates that are engaged in lending or a related business. This subjects Aterian to conflicts of interest, because although Aterian selects service providers that it believes are aligned with its operational strategies and will enhance portfolio company performance and, relatedly, returns of the relevant Fund, Aterian has a potential incentive to recommend the related or other person (including a limited partner) because of its financial or other business interest. There is a possibility that Aterian, because of such belief or for other reasons (including whether the use of such persons could establish, recognize, strengthen and/or cultivate relationships that have the potential to

provide longer-term benefits to the relevant Fund(s) or Aterian), would favor such retention or continuation even if a better price and/or quality of service could be obtained from another person. Aterian will not necessarily seek out the lowest cost options when incurring (or causing a Fund or its portfolio companies to incur) such expenses. Although Aterian generally seeks appropriate rates for services, it reserves the right to prioritize prior usage, perceived sector competence or expertise, familiarity, onboarding speed or other factors in retaining or recommending service providers. Whether or not Aterian has a relationship or receives financial or other benefit from recommending a particular service provider, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

In addition, as described above, portfolio companies (and, to a lesser extent, the Funds) typically pay certain fees to members of the Operations Group and other consultants (including consultants introduced or arranged by Aterian and/or its affiliates that regularly provide services to one or more portfolio companies), and such fees do not offset or reduce the Management Fee, as described herein. Members of the Operations Group generally make use of Aterian's resources or otherwise are associated with Aterian. Aterian and/or its affiliates reserve the right to agree to compensate certain of such persons to the extent portfolio company-related compensation falls below certain specified levels on an aggregate annualized basis, or provide other compensation. Members of the Operations Group generally receive investment opportunities, reimbursements and other compensation that do not offset or reduce the Management Fee of any Fund, as described herein. Although the use of members of the Operations Group and the allocation of compensation paid to them by Aterian, its affiliates and/or the portfolio companies subjects Aterian and/or its affiliates to potential conflicts of interest, Aterian believes that such potential conflicts may be reduced by the anticipated cost savings to portfolio companies (which is expected to be to the benefit of the applicable Fund(s)) that will result if the cost of the members of the Operations Group is lower than market rates for the services provided and/or if the services of the members of the Operations Group align with Aterian's model for the portfolio company and improve portfolio company performance. Although Aterian seeks to retain members of the Operations Group with a view to reducing costs to portfolio companies (and, ultimately, the Funds) and/or improving portfolio company performance, a number of factors may result in limited or no cost savings from such retention. Aterian also seeks to reduce potential conflicts of interest resulting from such arrangements by structuring compensation packages for such persons in a manner that Aterian believes will align such persons' interests with those of the Funds' limited partners. In addition, Aterian seeks to retain only members of the Operations Group and service providers which it believes provide a level of service at a value generally consistent with other relevant market alternatives. However, Aterian typically does not evaluate an Operations Group member's rate against market alternatives, and there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

Aterian and/or its affiliates reserve the right to employ personnel with pre-existing ownership interests in portfolio companies owned by the Funds or other investment vehicles advised by Aterian and/or its affiliates; conversely, former personnel or executives of Aterian and/or its affiliates may from time to time serve in significant management roles at portfolio companies or service providers recommended by Aterian. Similarly, Aterian, its affiliates and/or

personnel maintain relationships with (or may invest in) financial institutions or other service providers, including but not limited to managers of private funds, banks, brokers, advisors, consultants, finders (including executive finders and portfolio company finders), executives, attorneys, accountants, institutional investors, family offices, lenders, current and former employees, and current and former portfolio company executives, as well as certain family members or close contacts of these persons. Certain of these persons or entities will invest (or be affiliated with an investor that invests) in or engage in transactions with and/or provide services (including services at reduced rates) to Aterian and/or its affiliates and/or the Funds or other investment vehicles they advise. Aterian expects to be subject to a potential conflict of interest with a Fund in recommending the retention or continuation of a third-party service provider to such Fund or a portfolio company if such recommendation, for example, is motivated by a belief that the service provider or its affiliate(s) will continue to invest in one or more Funds, will provide Aterian information about markets and industries in which Aterian operates (or is contemplating operations) or will provide other services that are beneficial to Aterian or one or more other Funds. Aterian expects to be subject to a potential conflict of interest in making such recommendations, in that Aterian has an incentive to maintain goodwill between it and the existing and prospective portfolio companies for a Fund, while the products or services recommended may not necessarily be the best available to the Fund or its portfolio companies. In addition, portfolio companies may from time to time pay certain fees to third party consultants (including consultants introduced or arranged by Aterian and/or its affiliates that may regularly provide services to one or more Fund portfolio companies), and such fees generally will not offset or reduce the Management Fee as described herein. Any of these situations may subject Aterian and/or its affiliates to potential conflicts of interest.

Because Aterian's carried interest is based on a percentage of net realized profits, it may create an incentive for Aterian to cause a Fund to make riskier or more speculative investments than would otherwise be the case; however, Aterian also believes that its carried interest operates to align substantially the interests of Aterian with those of the Funds. Also, because there is a fixed investment period after which capital from investors in a Fund may only be drawn down in limited circumstances and because Management Fees are, at certain times during the life of a Fund, based upon capital invested by such Fund, this fee structure may create an incentive to deploy capital when Aterian may not otherwise have done so. Since the applicable General Partner is permitted to receive certain Supplemental Fees (as described under "Fees and Compensation") in connection with Fund investments, Aterian could have a conflict of interest in connection with approving transactions.

Since Aterian is permitted to retain certain Supplemental Fees (as described under "Fees and Compensation") in connection with Fund investments, it expects to be subject to a potential conflict of interest in connection with approving transactions and setting such compensation. Additionally, Aterian, its personnel, affiliates or others designated by Aterian (e.g., Operations Group personnel) are permitted from time to time to receive compensation in the form of portfolio company securities. To the extent any such securities are received, after any applicable offset provisions in the Governing Documents are applied, Aterian and/or such other recipients will be permitted to retain such securities, and in doing so will be subject to potential conflicts of interest in determining whether to sell such securities (subject to restrictions imposed by the portfolio company and/or Aterian) or retain such securities for a period consistent with their own

financial and investment objectives, which may differ from those of the relevant Fund. In addition, to the extent such portfolio company securities represent newly issued incentive equity (whether in the form of common stock, warrants or options to buy common stock, or similar instruments), the receipt of such compensation in the form of securities has the potential to dilute a Fund's relative ownership of the portfolio company awarding such compensation.

Aterian and/or its affiliates reserve the right to enter into Side Letters with certain investors in a Fund providing such investors with different or preferential rights or terms, including but not limited to different fee structures (including discounted or rebated compensation terms), information rights, specialized reporting, priority co-investment rights or targeted co-investment amounts, and liquidity or transfer rights. Side Letters may also relate to strategic relationships under which an investor agrees to make capital commitments to multiple Funds. Except where required by the Governing Documents, other investors will not receive copies of Side Letters or related provisions, and as a general matter, the other investors have no recourse against a Fund, the relevant General Partner or any of their affiliates in the event that certain investors have received additional and/or different rights and/or terms as a result of such Side Letters. As a consequence of one or more limited partners being excused or excluded, or from regulatory or other factors limiting their participation in investments, the aggregate returns realized by participating limited partners could be adversely affected in a material manner by the unfavorable performance of particular investments.

Any of these situations subjects Aterian and/or its affiliates to potential conflicts of interest. Aterian attempts to resolve such conflicts of interest in light of its obligations to investors in its Funds and the obligations owed by Aterian's advisory affiliates to investors in investment vehicles managed by them, and attempts to allocate investment opportunities among a Fund, other Funds and such investment vehicles in a manner it believes to be fair and equitable to the Funds under the circumstances over time. To the extent that an investment or relationship raises particular conflicts of interest, Aterian will review the circumstances of such investment or relationship with a view to addressing and reducing the potential for conflict. Where necessary, Aterian consults and receives consent to conflicts from an advisory committee consisting of limited partners of the relevant Fund and such other investment vehicles.

DISCIPLINARY INFORMATION

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

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

As described under "Advisory Business" above, the Management Company is affiliated with the General Partners and the Relying Adviser, which will each be registered with the SEC under the Advisers Act pursuant to the Management Company's registration in accordance with SEC guidance. The General Partners and the Relying Adviser operate as a single advisory business together with the Management Company and may share common owners, officers, partners, employees, consultants or persons occupying similar positions.

Certain owners or management persons of the Relying Adviser may be deemed to control the following registered investment advisers: Edge Principal Advisors, LLC, LS Power Equity Advisors, LLC, LSP Credit Advisors I, LLC and Luminus Management, LLC. Additional information about such advisers is available on the SEC's website at www.adviserinfo.sec.gov.

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

Aterian has adopted a Code of Ethics and Regulatory Compliance Manual (the “Code”), which sets forth standards of conduct that are expected of Aterian Principals and employees and which addresses certain conflicts that may arise from personal securities trading. The Code requires Aterian personnel to:

- report personal securities transactions;
- pre-clear any proposed purchase of securities relating to certain industries and sectors;
- pre-clear any proposed purchase of any initial public offering or limited offering; and
- comply with policies and procedures reasonably designed to prevent the misuse of, or trading upon, material non-public information.

A copy of the Code will be provided to any client or prospective client upon request to the Aterian Chief Compliance Officer at (212) 897-2888. Personal securities transactions by Aterian personnel are required to be conducted in a manner that prioritizes the client's interests in client eligible investments.

Aterian and its affiliated persons may come into possession, from time to time, of material nonpublic or other confidential information about public companies which, if disclosed, might affect an investor's decision to buy, sell or hold a security. Under applicable law, Aterian and its affiliated persons would be prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any person, regardless of whether such person is a client of Aterian. Accordingly, should Aterian or any of its affiliated persons come into possession of material nonpublic or other confidential information with respect to any public company, Aterian would be prohibited from communicating such information to clients, and Aterian will have no responsibility or liability for failing to disclose such information to clients as a result of following their policies and procedures designed to comply with applicable law. Similar restrictions may be applicable as a result of Aterian personnel serving as directors of public companies and may restrict trading on behalf of clients, including the Funds.

Principals and employees of Aterian and its affiliates generally are expected to directly or indirectly own an interest in the Funds or certain Co-Invest Funds. To the extent that Co-Invest Funds exist, such vehicles are expected to invest in one or more of the same portfolio companies as the Funds.

Co-invest opportunities may be presented to certain affiliates of Aterian, as well as third party investors and other persons, and such co-investments may be effected through co-

investment vehicles or directly in a particular portfolio company. Additionally, the Funds may invest together with other Funds advised by an affiliated adviser of Aterian in the manner set forth in the Governing Documents. Aterian will allocate investment opportunities or advisory recommendations on a fair and equitable basis, consistent with its fiduciary obligations, the Governing Documents for the relevant Fund and the Code. In the case of co-investment opportunities, Aterian may grant certain third party investors the opportunity to evaluate specified amounts of prospective co-investments in one or more Fund portfolio companies or otherwise to have priority in co-investment opportunities. Although Aterian reserves the right to consider a prospective co-investor's willingness to invest in future Funds, such willingness generally will not be the sole determining factor considered by Aterian in identifying co-investors. Certain investors likely will receive multiple opportunities to co-invest while others expressing interest have the potential to receive none.

In borrowing on behalf of a Fund, Aterian is subject to conflicts of interest between repaying its obligations and retaining such borrowed amounts for the benefit of the Fund, and in circumstances where interest accrues on any such outstanding borrowings at a rate lower than the relevant Fund's preferred return, is expected to have incentives to cause the Fund to borrow in this manner rather than drawing down capital commitments. Where a preferred return begins to accrue after capital contributions are due (regardless of when the Fund utilizes such borrowing, makes the relevant investment or pays expenses) and ceases to accrue upon return of these capital contributions, the use of borrowing to shorten the period between calling and returning capital limits the amount of time the preferred return will accrue. In circumstances where there is not a preferred return on funds borrowed in advance or in lieu of calling capital, such borrowing typically will reduce the amount of preferred return to which the limited partners would otherwise be entitled had the General Partner called capital, and thus could result in the relevant General Partner receiving carried interest sooner than it would without borrowing. In addition, when the Management Fee is calculated as a percentage of invested capital, a limited partner may pay Management Fees on borrowed amounts used to fund investments that have not yet been realized even though such amounts would not accrue preferred return as described above. It is expected that the costs relating to the establishment and/or maintenance of a subscription line of credit will be significant, and there can be no assurance that the benefits to limited partners will be commensurate with such costs.

Aterian and its affiliates, Principals and employees expect from time to time to carry on investment activities for their own account, for personal or employee investment vehicles and, potentially, for family members, friends or others who do not invest in the Funds.

BROKERAGE PRACTICES

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

If Aterian sells publicly traded securities for a Fund, it is responsible for directing orders to broker-dealers to effect securities transactions for accounts managed by Aterian. In such event, Aterian will seek to select brokers on the basis of best price and execution capability. In selecting a broker to execute client transactions, Aterian reserves the right to consider a variety of factors, including: (i) execution capabilities with respect to the relevant type of order; (ii) commissions charged; (iii) the reputation of the firm being considered; (iv) gross compensation paid to the broker; and (v) the financial strength of the broker.

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

Consistent with Aterian seeking to obtain best execution, brokerage commissions on client transactions are permitted to be directed to brokers in recognition of research furnished by them, although Aterian generally does not make use of such services at the current time. As a general matter, research provided by these brokers would be used to service all of Aterian’s Funds. However, each and every research service may not be used for the benefit of each and every Fund managed by Aterian, and brokerage commissions paid by one Fund may apply towards payment for research services that might not be used in the service of such Fund.

To the extent that Aterian allocates brokerage business on the basis of research services, it may have an incentive to select or recommend broker-dealers based on the interest in receiving such research or other products or services, rather than based on its Funds’ interest in receiving most favorable execution.

Aterian does not anticipate engaging in significant public securities transactions; however, to the extent that Aterian engages in any such transactions, orders for purchase or sale of securities placed first will be executed first, and within a reasonable amount of time of order receipt. To the extent that orders for any Funds are completed independently, Aterian may also purchase or sell the same securities or instruments for several Funds simultaneously. From time to time, Aterian may, but is not obligated to, purchase or sell securities for several client accounts at approximately the same time. Such orders may be combined or “batched” to facilitate obtaining best execution and/or to reduce brokerage commissions or other costs.

When an aggregated order is filled in its entirety, each participating Fund generally will receive the average price obtained on all such purchases or sales made during such trading day.

When an aggregate order is partially filled, the securities purchased or sold will normally be allocated on a *pro rata* basis to each Fund participating in such buy or sell order. Each Fund generally will receive the average price obtained on all such purchases or sales made during such

trading day. Exceptions to *pro rata* allocations are permissible provided they are fair and equitable to the Funds over time.

REVIEW OF ACCOUNTS

The investments made by the Funds are generally private, illiquid and long-term in nature. Accordingly, the review process is not directed toward a short-term decision to dispose of securities. However, Aterian closely monitors companies in which the Funds invest, and the Chief Compliance Officer periodically checks to confirm that each Fund is managed in accordance with its stated objectives.

Aterian will generally provide to its limited partners (i) audited financial statements annually, (ii) unaudited financial statements for the first three quarters of each fiscal year, (iii) annual tax information necessary for each partner's U.S. tax returns, and (iv) descriptive investment information for each portfolio company periodically.

CLIENT REFERRALS AND OTHER COMPENSATION

As discussed in the "Fees and Compensation" section, Aterian expects to receive certain fees from a Fund's portfolio companies. As described in the applicable Fund's Governing Documents, this compensation may, in certain circumstances, offset all or a portion of the Management Fees paid by the Fund. However, in other circumstances, these fees would be in addition to Management Fees.

Aterian reserves the right from time to time to enter into solicitation arrangements pursuant to which it compensates third parties for referrals that result in a potential investor becoming a limited partner in a Fund. Any fees payable to any such placement agents (including any interest thereon) generally will be borne by Aterian indirectly through an offset against the Management Fee under the Governing Documents, although related expenses incurred pursuant to the relevant placement agent or similar agreement, including but not limited to placement agent travel, meal and entertainment, typically are borne by the relevant Fund(s). Aterian retained UBS Securities LLC in connection with the placement of interests in Fund II and in Fund III.

CUSTODY

As required by the Advisers Act, Aterian has established an account with one or more qualified custodians to hold funds and securities, as applicable, on behalf of the Funds. In addition, the Funds are audited by an independent public accountant annually and such audited financial statements are distributed to investors in accordance with Rule 206(4)-2 under the Investment Advisers Act of 1940, as amended.

INVESTMENT DISCRETION

Aterian has discretionary authority to manage investments on behalf of the Funds. As a general policy, Aterian does not allow clients to place limitations on this authority. Pursuant to the terms of the Governing Documents, however, Aterian has entered, and expects to enter, into

side letter arrangements with certain limited partners whereby the terms applicable to such limited partner's investment in a Fund are altered or varied, including, in some cases, the right to opt out of certain investments for legal, tax, regulatory or other agreed-upon reasons. Aterian assumes this authority pursuant to the terms of the Governing Documents.

VOTING CLIENT SECURITIES

Aterian has adopted proxy voting policies and procedures (the "**Proxy Policy**") to address how it will vote proxies, as applicable, for a Fund's portfolio investments. The Proxy Policy seeks to ensure that Aterian votes proxies (or similar instruments) in the best interest of the Funds, including where there may be material conflicts of interest in voting proxies. Aterian generally believes its interests are aligned with those of a Fund's investors through the Principals' beneficial ownership interests in the Funds and therefore will not seek investor approval or direction when voting proxies. In the event that there is or may be a conflict of interest in voting proxies, the Proxy Policy provides that Aterian may address the conflict using several alternatives, including by seeking the approval or concurrence of a Fund's advisory board on the proposed proxy vote or through other alternatives set forth in the Proxy Policy. Additionally, a Fund's advisory board is authorized to approve Aterian's vote in a particular solicitation. Aterian does not consider service on portfolio company boards by Aterian personnel or Aterian's receipt of management or other fees from portfolio companies to create a material conflict of interest in voting proxies with respect to such companies. In addition, the Proxy Policy sets forth certain specific proxy voting guidelines followed by Aterian when voting proxies on behalf of a Fund. Clients or investors that would like a copy of Aterian's complete Proxy Policy or information regarding how Aterian voted proxies for particular portfolio companies may contact the Aterian Chief Compliance Officer, at (212) 897-2888, and it will be provided at no charge.

FINANCIAL INFORMATION

Aterian does not require prepayment of Management Fees more than six months in advance or have any other events requiring disclosure under this item of the Brochure.