

FORM ADV PART 2A: BROCHURE



**Rotunda Capital Partners, LLC**

Three Bethesda Metro Center, Suite 830  
Bethesda, Maryland 20814  
<https://rotundacapital.com>  
CRD # 290282

Confidential  
March 30, 2020

**This brochure (the “Brochure”) provides information about the qualifications and business practices of Rotunda Capital Partners, LLC (“RCP”). If you have any questions about the contents of this Brochure, please contact Rona Kennedy at 240-482-0612 and/or [rk@rotundacapital.com](mailto:rk@rotundacapital.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.**

**RCP is an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.**

**Additional information about RCP is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You may search the SEC’s site using a unique identifying number, known as a CRD number. The CRD number for Rotunda Capital Partners, LLC is # 290282.**

## **ITEM 2: MATERIAL CHANGES**

RCP filed its most recent Form ADV Part 2A (or “brochure”) on June 25, 2019, which was RCP’s initial brochure. This annual amendment updates that initial brochure, and includes the following material changes:

1. Updating the Firm’s contact information to be that of our new Chief Compliance Officer;
2. Updating the description of the business practices of and certain fees that may be received by RCP and its affiliates, as well as the organizational structure of its fund clients;
3. Updating RCP’s regulatory assets under management as of December 31, 2019;
4. Providing additional information regarding RCP’s methods of analysis, investment strategies, and risk factors, particularly in light of recent global developments related to Brexit and COVID-19; and
5. Addressing situations where a fund client may not have a limited partner advisory board.

The foregoing is a list of the primary material changes to the brochure; however, it is not an exhaustive list of all changes to RCP’s brochure or a full recitation of any such changes, and clients, potential clients, and other recipients of this brochure are advised to review this brochure in its entirety.

## **IMPORTANT NOTE ABOUT THIS BROCHURE**

***This Brochure is not:***

- ◆ ***An offer or agreement to provide advisory services to any person;***
- ◆ ***An offer to sell interests (or a solicitation of an offer to buy interests) in any Fund advised by Rotunda Capital Partners, LLC, or its affiliates; or***
- ◆ ***A complete discussion of the features, risks or conflicts associated with any Fund advised by Rotunda Capital Partners, LLC, or its affiliates.***

*In accordance with the Investment Advisers Act of 1940, as amended (“Advisers Act”), Rotunda Capital Partners, LLC provides this Brochure to current and prospective clients. Rotunda Capital Partners, LLC may also, in its discretion, provide this Brochure to current or prospective investors in certain Funds, together with other relevant offering materials, such as a Fund’s private placement memorandum, prior to, or in connection with, such persons’ investment in such Funds.*

*Although this Brochure describes the investment advisory services of Rotunda Capital Partners, LLC, persons who receive this Brochure (whether or not from Rotunda Capital Partners, LLC) should be aware that it is designed solely to provide information about Rotunda Capital Partners, LLC as necessary to respond to certain disclosure obligations under the Advisers Act. As such, the information in this Brochure may not include all information provided in relevant offering materials.*

*More complete information about each Fund advised by Rotunda Capital Partners, LLC and its affiliates is included in relevant offering materials which may be provided to current and eligible prospective investors only by Rotunda Capital Partners, LLC, its affiliates, or its authorized agents. If there is any conflict between information conveyed in this disclosure document and that conveyed in any offering materials, the information contained in the relevant offering materials will govern and control.*

## TABLE OF CONTENTS

	<u>Page</u>
ITEM 1: COVER PAGE .....	i
ITEM 2: MATERIAL CHANGES .....	ii
IMPORTANT NOTE ABOUT THIS BROCHURE.....	iii
ITEM 3: TABLE OF CONTENTS .....	iv
ITEM 4: ADVISORY BUSINESS .....	1
ITEM 5: FEES AND COMPENSATION.....	2
ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT.....	8
ITEM 7: TYPES OF CLIENTS.....	9
ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS.....	10
ITEM 9: DISCIPLINARY INFORMATION.....	29
ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS .....	30
ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING.....	32
ITEM 12: BROKERAGE PRACTICES .....	33
ITEM 13: REVIEW OF ACCOUNTS .....	35
ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION.....	39
ITEM 15: CUSTODY .....	40
ITEM 16: INVESTMENT DISCRETION .....	40
ITEM 17: VOTING CLIENT SECURITIES.....	41
ITEM 18: FINANCIAL INFORMATION .....	42
ITEM 19: REQUIREMENTS FOR STATE-REGISTERED ADVISERS .....	42

#### **ITEM 4: ADVISORY BUSINESS**

**A. Describe your advisory firm, including how long you have been in business. Identify your principal owner(s).**

Rotunda Capital Partners, LLC (“RCP” or the “Adviser” and terms such as “we,” “us,” or “our” refer to RCP and its personnel) is a limited liability company headquartered in Bethesda, MD, with an office in Evanston, IL. RCP is led by four partners who have worked together since 2013: John Fruehwirth, Daniel Lipson, Robert Wickham, and Michael Whisner (together, the “Principals”) with each owning 25% of RCP.

Founded in 2008, RCP structures private equity investment partnerships (“Funds”) that seek to invest primarily in lower-middle market U.S.-based companies in four core industries: (i) value-added distribution, (ii) asset light logistics, (iii) specialty finance/insurance services, and (iv) industrial and business services. Rotunda seeks to take majority and influential minority equity positions of \$10 million to \$50 million per investment (excluding co-investments), structuring transactions with a focus on downside protection as well as equity growth.

#### Affiliated Entities

Each Fund establishes or identifies an entity to serve as the general partner or manager (each a “General Partner”) of that Fund. Each Fund may pay management and/or performance fees to the General Partner of that Fund. The General Partner generally does not have employees and thus contracts with and provides the authority to RCP to perform the services required to administer that Fund.

This management structure can potentially lead to conflicts of interest. For example, a Fund will be managed by the General Partner and receive securities advice from the Adviser, which are beneficially owned by one or more Principals. The Principals may also acquire interests and become investors in a Fund, giving the Principals the right to vote on matters subject to the vote of investors. In setting various fees and other conditions for management of a Fund and in determining distributions, the Principals have potential conflicts of interest between their personal interests as members of the General Partner and Adviser and their fiduciary duties to a Fund. There can be no assurances that the financial arrangements between the General Partner and/or affiliates of the General Partner, including the Adviser, and a Fund are no less favorable to a Fund than could be negotiated in arm's length dealings. Prospective investors are urged to consider for themselves whether the management arrangements and allocation of distributions contemplated for a Fund are fair and reasonable.

**B. Describe the types of advisory services you offer. If you hold yourself out as specializing in a particular type of advisory service, such as financial planning, quantitative analysis, or market timing, explain the nature of that service in greater detail. If you provide investment advice only with respect to limited types of investments, explain the type of investment advice you offer, and disclose that your advice is limited to those types of investments.**

## RCP Advisory Services

RCP serves as investment adviser and provides discretionary investment advisory services to each Fund. The Investment Committee for each Fund is comprised of the four RCP Principals. Each Fund is an advisory client of RCP. While this Brochure may be provided to limited partners (“investors” or “limited partners”) in a Fund, RCP does not provide investment advice directly to limited partners and therefore, limited partners are not clients of RCP.

Generally, the Funds are offered exclusively to individuals who qualify as “accredited investors” under Regulation D promulgated under the Securities Act of 1933, as amended (the “1933 Act”), and/or “qualified purchasers” as defined under Section 2(a)(51) of the Investment Company Act and/or may be limited to being owned by not more than 100 beneficial owners, as calculated under the Investment Company Act of 1940, as amended (the “Investment Company Act”). The Funds are therefore not required to register as investment companies with the SEC in accordance with an applicable exception or exemption under the Investment Company Act, including the exemptions set forth in Sections 3(c)(1) and/or 3(c)(7). Investment strategies and guidelines are not tailored to the individualized needs of any particular investor in a Fund. Once invested in a Fund, an investor cannot impose restrictions on the types of securities in which such Fund may invest. Investments in a Fund involve significant risks and should be regarded as long-term in nature, forming only one portion of an investor’s diversified investment portfolio.

## Fund Structure

Each Fund is organized to facilitate an investment in a single portfolio company or to build a diversified portfolio of private companies. The specific investment strategy, structure, diversification guidelines, terms of investment, and other terms and conditions associated with each Fund are described in the Fund’s subscription agreement, offering memorandum, operating or limited partnership agreement, or similar disclosure and governing documents (collectively, the “Offering Documents”) prepared specifically for the offering of interests in such Fund. With respect to any Fund, this Brochure is qualified in its entirety by the Offering Documents.

## Investment Strategy

The Funds seek to enhance the value of portfolio companies by utilizing the management expertise of the Adviser to effect the following: (i) upgrade and broaden the portfolio company’s management talent; (ii) complete strategic acquisitions to improve the competitive capability of the portfolio company; (iii) improve operations; and (iv) refine stand-alone business strategies to attract prospective corporate parent interest. The investment term of each Fund is specified in the applicable Fund’s Offering Documents.

Each Fund will generally utilize one of the following exit strategies to monetize portfolio assets: (i) sell a portfolio company privately; or (ii) take the portfolio company public via an initial public offering. It is anticipated that most portfolio companies will be sold to private buyers. The Funds mainly invest in non-public companies, although they may invest in public companies, subject to any limits set forth in the applicable Fund’s Offering Documents. Each Fund may also hold public company investments as a result of a sale of all or a portion of a Fund’s investments in a portfolio company, such as when a portfolio company goes public or is sold to a public company and a Fund

receives stock. When investing in portfolio companies, the Principals of the Adviser often serve on portfolio company boards of directors or otherwise act to influence the management of these companies until the applicable Fund exits the investment.

**C. Explain whether (and, if so, how) you tailor your advisory services to the individual needs of clients. Explain whether clients may impose restrictions on investing in certain securities or types of securities.**

As noted above, once invested in a Fund, an investor cannot impose restrictions on the types of securities in which such Fund may invest. RCP tailors its advisory services to the particular investment strategy, criteria and guidelines as set forth in the Offering Documents for each Fund that is a client of RCP.

**D. If you participate in wrap fee programs by providing portfolio management services, (1) describe the differences, if any, between how you manage wrap fee accounts and how you manage other accounts, and (2) explain that you receive a portion of the wrap fee for your services.**

RCP does not participate in wrap fee programs.

**E. If you manage client assets, disclose the amount of client assets you manage on a discretionary basis and the amount of client assets you manage on a non-discretionary basis. Disclose the date “as of” which you calculated the amounts.**

As of December 31, 2019, RCP has \$310,724,312 million in discretionary Regulatory Assets Under Management.

## **ITEM 5: FEES AND COMPENSATION**

**A. Describe how you are compensated for your advisory services. Provide your fee schedule. Disclose whether the fees are negotiable.**

### Fees and Compensation

With some exceptions for legacy Funds, the Adviser typically charges a quarterly advisory fee (the “Management Fee”) as described in relevant Offering Documents. Fees and other compensation paid by a Fund to the Adviser may vary from Fund to Fund and may be different from the fees and compensation payable in respect of any successor fund or co-investment vehicle formed to facilitate a Fund investment. Investors should carefully review the Offering Documents of the relevant Fund in conjunction with this Brochure for complete information about fees and compensation. Similar advisory services may be available from other investment advisers for comparable or lower fees.

Management Fees are initially derived from capital commitments assigned to the limited partner investors in a Fund. The Management Fee generally will subsequently “step down” to be calculated in line with provisions of applicable Offering Documents.

The Adviser will generally not subject the General Partner to Management Fees. Additionally, the Adviser or its affiliates may designate certain limited partners (e.g., “friends and family” of the Adviser or its personnel, or other investors meeting certain qualification requirements based on commitment size or other strategic or relationship factors) as “affiliated partners” that may be exempted from all or some portion of Management Fees. The Adviser retains the right to reduce or waive the Management Fees due from a limited partner investor at its discretion.

RCP or its affiliates may receive additional compensation from portfolio companies (e.g., monitoring fees, Transaction Fees (as defined below) and break-up fees paid in connection with transaction that are not consummated) in connection with management and other services performed for portfolio companies of the Funds and such additional compensation (which generally is not reviewed or approved by an independent third party) generally is documented in a management services agreement entered into with the applicable portfolio company. Such compensation may offset a portion of the Management Fees otherwise payable to RCP, and the Adviser, the General Partners or other affiliates may retain a portion or the remainder of such compensation, as described in the applicable Fund’s Offering Documents. While the Adviser’s or its affiliates ability to negotiate and receive such compensation may be deemed to give rise to conflicts of interest between the Funds and the Adviser and its affiliates, the Adviser believes any such potential conflicts are mitigated by the Management Fee offset mechanism, certain caps to such compensation, and by the Adviser’s and its affiliates significant ownership interests in the Funds. To the extent that an offset credit would reduce the Management Fee for a Fund for a given calendar quarter below zero, the credit will be carried forward for future application against payable Management Fees for such Fund, and if a credit remains upon liquidation a payment will be made crediting partners unless a partner has elected to waive such amount (e.g., where an adverse tax consequence may result). In addition, certain affiliates of the Adviser may receive compensation for providing certain ordinary course services to (or with respect to) certain portfolio companies in which one or more Funds invest, and such compensation generally will not result in additional offsets to the Management Fee.

#### Carried Interest

In addition to the payment of ongoing Management Fees, a Fund (and indirectly the limited partner investors) is also typically required to allocate to the General Partner of the applicable Fund a carried interest based upon a percentage of a Fund’s return on invested capital. Co-investment vehicles formed to facilitate a Fund’s investment may not be subject to any carried interest. For additional details about such performance-based compensation, please refer to *Item 6 – Performance-Based Fees and Side-by-Side Management*.

Management Fees, carried interest, and/or any other compensation payable to the Adviser or its affiliates are generally negotiated with a Fund’s limited partner investors and may depend on, among other factors, the amount of capital committed to a Fund.

#### Waiver of Management Fees

The Adviser may, pursuant to the relevant Fund’s Offering Documents, waive all or a portion of its Management Fee and instead have the limited partner investors contribute a portion of the



General Partner's capital commitment to a Fund, although the General Partner will share in distributions related to the amount contributed by the limited partners on its behalf.

### Other Fees and Expenses

The Adviser is generally liable for its normal operating overhead and administrative expenses, including salaries, bonuses and employee benefits, office facilities, back office support, accounting, management/finance functions, marketing, and other management-related costs. The Principals or other current or former employees of the Adviser generally receive salaries and other compensation derived from, which in certain cases may be structured to include a portion of, the Management Fee, carried interest, or other compensation received by the Adviser or its affiliates.

The General Partner may create an operations group (the "Operations Group") comprised of persons retained by the General Partner or any of its affiliates primarily to provide manufacturing, sales, marketing, technology, human resources, acquisition integration/rationalization and/or other operations services, acquisition or other due diligence, or similar services to a Fund or any portfolio company or prospective portfolio company of a Fund. Any compensation, including fees, incentive equity or other stock awards, received by Operations Group members may be paid by a portfolio company or prospective portfolio company (which payments are not included as "Transaction Fees") or directly by a Fund.

In addition to the Management Fee, each Fund, as permitted under the applicable Fund's Offering Documents, will pay, or reimburse the applicable General Partner or RCP for, all other fees, costs, expenses, liabilities and obligations relating to such Fund's and/or its subsidiaries' activities, business, portfolio companies or actual or potential investments, including with respect to any person formed to effect the acquisition and/or holding of a portfolio company (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) origination and sourcing of investment opportunities for a Fund; (ii) structuring, organizing, negotiating, diligencing, consummating, financing, refinancing, acquiring, managing, operating, holding, valuing, taking public or private, winding up, liquidating, dissolving and disposing of a Fund's investments, including offering to co-investors, follow-on investments, and refinancings (including interest on money borrowed by or on behalf of a Fund); (iii) indebtedness of, or guarantees made by, a Fund; (iv) organization expenses, placement fees, legal, filing, accounting, auditing, administration (including third party administration), web portal for investor reporting, consulting (including consulting and retainer fees paid to Operations Group or any of its members, consultants performing investment initiatives and other similar consultants), financing, insurance, broker, dealer, finder's, financing commitment fees, real estate title, appraisal costs, printing, custodian, depository, transfer, registration and other similar fees and expenses; (v) expenses incurred in connection with third party valuations; (vi) expense associated with the preparation of a Fund's financial statements, tax returns, tax estimates, Schedule K-1s or any other administrative, regulatory or other Fund-related reporting or filing obligations; (vii) expenses of a Fund's advisory board and annual meetings of limited partners and any other meeting with any limited partner(s); (viii) extraordinary expenses (such as litigation, indemnification, judgements and settlements, if any); (ix) expenses incurred in connection with transactions not consummated (including break up fees, termination fees, travel expenses and expenses that may have been allocated to a potential affiliated and unaffiliated co-investor had such transaction been consummated); (x) unreimbursed

expenses and unpaid fees of Operations Group, and (xi) any taxes, fees or other governmental charges levied against a Fund (other than amounts that are reimbursed by or treated as distributed to, limited partners pursuant to a Fund's Governing Documents). The Fund also bears expenses indirectly to the extent a portfolio company pays expenses, including expenses of RCP and/or its affiliates.

If a Fund proposes to structure an investment using a blocker corporation or other intermediate entity to avoid causing certain limited partners to incur "unrelated business taxable income" or "effectively connected income" (each within the meaning of the U.S. Internal Revenue Code of 1986, as amended), all costs, expenses and reduction in proceeds attributable to such blocker corporation or other intermediate entity, including those related to the structuring, formation, operation and liquidation of, and all taxes incurred in connection with, related to or imposed on, a blocker corporation or other intermediate entity shall be borne solely by the limited partners investing through such blocker corporation or other intermediate entity.

For legal, tax, regulatory, accounting, or other similar reasons, a Fund may form one or more alternative investment entities to make, restructure or otherwise hold investments, including outside of a Fund (including any flow-through investment vehicle). Generally, in such event, each limited partner that participates in such an alternative investment vehicle would do so on substantially the same terms and conditions as it participates in a Fund; provided that each limited partner elects through a subscription agreement whether to participate in flow-through investment vehicles. Alternative investment vehicles are included in all references to a Fund throughout this Brochure, as appropriate.

This list does not represent all applicable fees and expenses borne by a Fund. The Adviser in its sole discretion may pay for or reimburse a Fund for a portion or all of any of the above expenses normally borne by a Fund. For further discussion of brokerage fees, commissions and other related transaction costs and expenses, please refer to *Item 12 – Brokerage Practices* and a Fund's Offering Documents.

#### Allocation of Fees and Expenses

A Fund generally pays (or reimburses the Adviser) for its proportionate share of fees and expenses which are incidental or related to the maintenance of a Fund or the buying, selling, and holding of investments according to the methodology set forth in the Offering Documents of such Fund. Expenses that are attributable to more than one Fund generally are allocated among such Funds based on a methodology deemed appropriate and equitable by the Adviser, for example on the basis of respective aggregate capital commitments or net assets under management. While the Adviser believes such circumstances to be highly unlikely, it is possible that one of the other Funds could default on its obligation to reimburse the paying Fund.

The Adviser pays its share of any expenses that are attributable to management company operations. The Adviser's Chief Financial Officer is responsible to oversee the fee and expense allocation process.

As described further in *Item 12 – Brokerage Practices*, in certain circumstances, the Adviser may permit certain investors and unaffiliated parties to co-invest in portfolio companies alongside one

or more Funds, subject to the Adviser's related policies and the relevant Offering Documents and/or side letter(s). Where a co-invest vehicle is formed, such entity generally will bear expenses related to its formation and operation, many of which are similar in nature to those borne by a Fund. 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 or would otherwise be beneficial, in the judgment of the General Partner, ultimately is not consummated, all broken deal expenses relating to such proposed transaction will be borne by a Fund(s), and not by any potential co-investors, that were to have participated in such transaction.

**B. Describe whether you deduct fees from clients' assets or bill clients for fees incurred. If clients may select either method, disclose this fact. Explain how often you bill clients or deduct your fees.**

The Adviser is authorized under the Offering Documents of each Fund to charge and deduct advisory fees directly from the contributed capital and/or other assets of the applicable Fund. Management Fees are generally payable by a Fund quarterly in advance. The General Partner of a Fund typically calls capital from investors for their pro rata share of Fund expenses (including, in the case of limited partner investors not designated as "affiliated partners", Management Fees). Following the dissolution of a Fund, the General Partner of a Fund will, in accordance with the partnership agreement, make a final determination of all items of income, gain, loss and expense. After payment or provision for payment of all liabilities and obligations of a Fund, the remaining assets, if any, will, in accordance with the partnership agreement, be distributed to investors.

**C. Describe any other types of fees or expenses clients may pay in connection with your advisory services, such as custodian fees or mutual fund expenses. Disclose that clients will incur brokerage and other transaction costs, and direct clients to the section(s) of your brochure that discuss brokerage.**

Transaction Fees

In accordance with a Fund's Offering Documents, the Adviser will in some cases receive and retain (without any reduction in the Management Fee) a designated amount (the "Non-Offset Cap") of Transaction Fees paid in any fiscal year. At such time as the General Partner has received and retained Transaction Fees equal to the Non-Offset Cap, the Management Fee will be reduced by a defined percentage of Transaction Fees until the aggregate Transaction Fees equal a target amount and, thereafter, the Management Fee will be reduced by an amount equal to a defined percentage of Transaction Fees, in each case, attributable to partners not designated as "affiliated partners" by the General Partner.

"Transaction Fees" include: (i) directors' fees, financial consulting fees or advisory fees paid to RCP with respect to any Fund investment; (ii) transaction fees paid to the General Partner or RCP with respect to any Fund investment; and (iii) break-up fees with respect to Fund transactions not completed that are paid to the General Partner or RCP, in each case net of certain expenses (including those described below) as set forth in the partnership agreement; but not including, in any event, any amount received by the General Partner, RCP, the Operations Group or other person from a Fund portfolio company (a) as reimbursement for expenses directly related to such portfolio company, (b) as payment for services provided to such portfolio company in the ordinary course

of such portfolio company's business, (c) as compensation for services provided by the General Partner, RCP or other person as an employee of or in a similar capacity for such portfolio company or (d) as compensation (including fees, incentive equity or other stock awards) for services rendered by the Operations Group (or a member thereof) to a Fund portfolio company or a prospective Fund portfolio company. Various costs and expenses will reduce Transaction Fees (and therefore such amounts will not reduce the Management Fee), including out-of-pocket costs and expenses (including travel expenses) incurred by the General Partner or RCP in connection with any consummated or unconsummated transaction or in connection with generating any such Transaction Fees.

Any Transaction Fees with respect to an investment or potential investment (including a transaction not consummated) shall be allocated to the applicable Fund (and may be offset against the Management Fee as described above) only to the extent of the Fund's relative ownership (or anticipated ownership) of such investment or potential investment on a fully diluted basis. Accordingly, a Fund will, in most cases, only benefit from the Management Fee reduction described above with respect to its allocable portion of any such Transaction Fee and not the portion allocable to any other person that holds an economic interest in (or, in the case of a transaction not consummated, would have held an economic interest in) the applicable investment.

See *Item 12 – Brokerage Practices* for additional information about potential conflicts of interest related to brokerage practices.

**D. If your clients either may or must pay your fees in advance, disclose this fact. Explain how a client may obtain a refund of a pre-paid fee if the advisory contract is terminated before the end of the billing period. Explain how you will determine the amount of the refund.**

Annual Management Fees are generally paid quarterly and are typically paid in advance. To the extent that Management Fees are paid in advance, there typically would be a refund of pre-paid fees if the advisory contract is terminated before the end of a quarterly period. Under the legal terms of a Fund's subscription agreement that is signed by each investing limited partner for each Fund, limited partners generally are not permitted to withdraw from a Fund and are required to maintain their investments throughout the life of a Fund. The transfer or assignment of limited partner interests requires the approval of the applicable Fund's General Partner. See applicable Fund Offering Documents for more details.

**E. If you or any of your supervised persons accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds, disclose this fact.**

RCP, the General Partners, its or their affiliates, and its or their employees do not accept compensation, including sales charges or service fees, for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

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

**If you or any of your supervised persons accepts performance-based fees – that is, fees based on a share of capital gains on or capital appreciation of the assets of a client (such as a Client that is a hedge fund or other pooled investment vehicle) disclose this fact. If you or any of your supervised persons manage both accounts that are charged a performance-based fee and accounts that are charged another type of fee, such as an hourly or flat fee or an asset-based fee, disclose this fact. Explain the conflicts of interest that you or your supervised persons face by managing these accounts at the same time, including that you or your supervised persons have an incentive to favor accounts for which you or your supervised persons receive a performance-based fee, and describe generally how you address these conflicts.**

In addition to the compensation discussed in *Item 5 – Fees and Compensation*, the General Partners or another affiliate is typically eligible to receive performance-based compensation, also referred to as “carried interest.” Carried interest is equal to a percentage of a Fund’s net profits. Any carried interest will be paid in accordance with Section 205(3) of the Advisers Act and the applicable rules promulgated thereunder, which specify certain qualification thresholds for clients and investors in client Funds of the Adviser being assessed such a fee. Any share of profits paid to the Adviser or an affiliate of an Adviser of a Fund is separate and distinct from the Management Fees charged by the Adviser for advisory services to a Fund. Carried interest is subject to individualized negotiation with the limited partners investing in each Fund.

### Mitigating Conflicts of Interest Associated with Carried Interest

Carried interest may create an incentive for RCP to make more speculative investments for a Fund than it would otherwise make in the absence of such performance-based compensation. However, conflicts of interest associated with carried interest are mitigated by: (i) the requirement that invested capital and related expenses be returned to investors before the General Partner of a Fund becomes entitled to receive any carried interest; and (ii) in most cases, the requirement that the General Partner, and the Principals directly in some cases, have a capital commitment to a Fund.

Additionally, to the extent that RCP personnel are assigned varying percentages of carried interest from a Fund, such personnel are subject to potential conflicts of interest, to the extent they are involved in identifying investment opportunities as appropriate for Funds from which they are entitled to receive a higher carried interest percentage.

The Adviser seeks to address the potential for conflicts of interest in these matters with allocation policies and/or practices that provide that transactions and investment opportunities will be allocated to a Fund in accordance with each Fund’s investment guidelines and Offering Documents, as well as other factors that do not include the amount of performance-based compensation received by the Adviser or its personnel.

## ITEM 7: TYPES OF CLIENTS

**Describe the types of clients to whom you generally provide investment advice, such as individuals, trusts, investment companies, or pension plans. If you have any requirements for opening or maintaining an account, such as a minimum account size, disclose the requirements.**

As noted in *Item 4 – Advisory Business*, RCP provides discretionary investment advisory services to the Funds, which are clients of RCP. Limited partners of a Fund are not considered investment advisory clients of RCP. Fund limited partners may include high net worth individuals, other investment entities, university endowments, family offices, trusts, estates or charitable organizations or other corporations or business entities and may include, directly or indirectly, the Principals or other employees of RCP and its affiliates and members of their families.

Investment minimums are set forth in each Fund’s Offering Documents. RCP may waive or reduce minimum investment requirements in its discretion and reserves the right to decline any investor in its sole discretion.

### Multiple Funds

During a Fund’s active investment period, the Adviser will pursue all appropriate investment opportunities that meet the investment criteria of a Fund principally for the benefit of the Fund, subject to certain exceptions set forth in the Offering Documents. However, the Adviser may manage multiple investment funds and investments similar to those in which an active Fund will be investing and may direct certain relevant investment opportunities to those investment funds and investments. If other investment funds are formed, the Principals and the Adviser’s investment staff will manage and monitor such investment funds and investments. The Adviser believes that the significant investment of the Principals in each Fund, as well as the Principals’ share of carried interest, operate to align, to some extent, the interest of the Principals with the interest of limited partner investors, although the Principals have or may have economic interests in such other investment funds and investments as well and receive Management Fees and carried interests relating to these interests. Such other investment funds and investments that the Principals may control or manage may compete with an active Fund or companies acquired by a Fund. New investments will be allocated in accordance with the Adviser’s allocation policies, and as set forth in Fund Offering Documents.

### Alternative Investment Vehicles

For legal, tax, regulatory, or other reasons, a General Partner may form one or more alternative investment entities to make, restructure or otherwise hold investments, including outside of a Fund. Generally, in such event, each limited partner that participates in such an alternative investment vehicle would do so on substantially the same terms and conditions as it participates in a Fund. Alternative investment vehicles are included in all references to Fund herein as appropriate.

### Parallel Investment Entities

To facilitate investment by non-U.S. and certain other investors, the General Partner may create one or more parallel investment entities, the structure of which may differ from that of a Fund but

that will invest proportionately in all transactions on substantially the same terms and conditions as the Fund, except as necessary to address tax, regulatory or other considerations. Parallel investment entities are included in all references to Fund herein as appropriate.

### Executive Funds

The General Partner may create one or more investment entities to invest alongside a Fund for certain investors associated with the Principals including certain employees of RCP and/or its affiliates, executives of companies in which the Principals previously have invested, been employed, or otherwise been associated, family members, etc. The terms of these entities may be more or less favorable to the investors therein than the terms offered to the limited partners in a Fund, while the capital commitments to these entities (and their level of participation in Fund investments) may be increased or decreased from time to time to the extent permitted by the partnership agreement, including in connection with an investor's or its associated individual's disassociation from the General Partner or its affiliates. Executive funds are included in all references to Fund herein as appropriate.

## **ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

- A. Describe the methods of analysis and investment strategies you use in formulating investment advice or managing assets. Explain that investing in securities involves risk of loss that clients should be prepared to bear.**

### Methods of Analysis and Investment Strategies

As discussed in *Item 4 – Advisory Business*, RCP structures private Funds that seek to invest primarily in lower-middle market U.S.-based companies in four core industries: (i) value-added distribution, (ii) asset light logistics, (iii) specialty finance/insurance services, and (iv) industrial and business services. RCP seeks to take majority and influential minority equity positions of \$10 million to \$50 million per investment (excluding co-investments), and structure transactions with a focus on downside protection as well as equity growth.

RCP employs an investment strategy developed by the Principals during the course of their professional careers in the private equity markets. RCP seeks to produce consistently strong risk-adjusted returns by investing debt and equity in companies that it believes possess certain key attributes needed to execute its approach to value creation. RCP focuses on industries it has studied for one to two decades as well as other industries with RCP and/or its personnel have studied and researched to the point where RCP has determined it has sufficient understanding to invest. Through executing its playbooks, RCP seeks to “Build Scalable Businesses” that are turnkey platforms for growth. Each transaction is structured with a focus on downside mitigation as well as equity growth. The Principals are credit trained and focus on mitigating potential risks while trying to identify and leverage upside equity catalysts. RCP believes its investing approach combined with its operating principles of partnership, transparency and integrity provide an advantage on the “buy” and on the “sale”.

Over their professional careers, the Principals have gained deep knowledge of the value-added distribution, asset light logistics, specialty finance/insurance services, and industrial and business

services sectors. The Principals' collective view is shaped by having evaluated and invested throughout company balance sheets, taking senior debt, mezzanine debt, preferred equity, and common equity positions during their careers. RCP's preferred approach is to: (i) identify an attractive market niche; (ii) proactively pursue businesses through a process-driven, selective approach; (iii) perform detailed due diligence to identify key value enhancements and risk mitigants; and (iv) align with company management around a shared value creation plan. RCP believes it can be most effective with this investment approach by targeting specific investment criteria that is consistent with the Principals and RCP's prior experience.

### Risk of Loss

An investment in a Fund involves significant risks and should be undertaken only by prospective investors capable of evaluating and bearing such risks. Fund returns may be unpredictable and, accordingly, a Fund's investment program is not suitable as the sole investment vehicle for an investor. A prospective investor should only invest in a Fund as part of a broader overall investment strategy, and only if the prospective investor is able to withstand a total loss of its investment. Prospective investors should carefully consider, among other factors, the matters described below, each of which could have an adverse effect on the value of the limited partner interests. Due to these factors, as well as other risks inherent in any investment, there can be no assurance that a Fund will meet its investment objectives or otherwise be able to successfully carry out its investment program.

The risks disclosed in this Brochure do not represent all risks and other considerations involved in connection with an investment in a Fund. Prospective investors should make their own inquiries and investigation, including an evaluation of the merits and risks involved and the legality and tax consequences of a Fund investment, and consult their own advisors as to a Fund, the offering of limited partner interests, and the legal, tax and related matters concerning an investment in a Fund.

**B. For each significant investment strategy or method of analysis you use, explain the material risks involved. If the method of analysis or strategy involves significant or unusual risks, discuss these risks in detail. If your primary strategy involves frequent trading of securities, explain how frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.**

This Brochure does not include every potential risk of investing in a Fund. Other detailed risk-related information can be found in each Fund's Offering Documents. An investment in a Fund is suitable only for sophisticated investors who are capable of making an informed independent decision as to the risks involved in an investment.

An investment in a Fund involves substantial risks due, in part, to the highly speculative nature of investing in private equity funds. There can be no assurance that the investment objective of any Fund will be achieved or that an investor will receive a return of his/her/its capital. An investment in a Fund provides limited liquidity since the interests are not freely transferable, and a Fund's investments are illiquid.



A summary of risks is provided below, however prospective investors should consult a Fund's Offering Documents for a complete view of the risks of investment.

**Business Risks:** Each Fund's investment portfolio is expected to 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 the Principals' or Adviser's other clients' prior investments or of other Funds is not necessarily indicative of a Fund's future results. While the Adviser intends for a Fund to make investments that have estimated returns commensurate with the expected 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.

**Concentration of Investments:** Funds launched prior to the Adviser's registration have been deal-by-deal Funds. In the future, each Fund will likely participate in a limited number of investments and may seek to make several investments in one industry or one industry segment or within a short period of time. 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, a Fund may invest in fewer portfolio companies and thus be less diversified.

**Lack of Sufficient Investment Opportunities:** The business of identifying, structuring, and completing 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, limited partners will be required to bear Management Fees through a Fund during the life of a Fund based on the entire amount of the limited partners' commitments and other expenses as set forth in the partnership agreement.

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

**Growth Equity Transactions:** A Fund's strategy includes targeting growth-equity investments. While growth-equity investments may offer the opportunity for positive capital gains, such investments may involve a higher degree of business and financial risk that can result in substantial or total loss. Growth equity portfolio companies may operate at a loss or with substantial variations in operating results from period to period, and many will need substantial additional capital to support additional research and development activities or expansion, to achieve or maintain a competitive position, and/or to expand or develop management resources. Growth-equity portfolio

companies may face intense competition, including from companies with greater financial resources, better brand recognition, more extensive development, marketing and service capabilities and a larger number of qualified managerial and technical personnel.

**Impact of Government Regulation, Reimbursement and Reform:** Certain industry segments in which a Fund may invest are (or may become) (i) highly regulated at both the federal and state levels in the U.S. and internationally and (ii) subject to frequent regulatory change. Certain segments may be highly dependent upon various government (or private) reimbursement programs. While a Fund intends to invest in companies that seek to comply with applicable laws and regulations, the laws and regulations relating to certain industries are complex, may be ambiguous or may lack clear judicial or regulatory interpretive guidance. An adverse review or determination by any applicable judicial or regulatory authority of any such law or regulation, or an adverse change in applicable regulatory requirements or reimbursement programs, could have a material adverse effect on the operations and/or financial performance of the companies in which a Fund invests.

**Illiquidity; Lack of Current Distributions:** An investment in a Fund should be viewed as an illiquid investment. 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 Management Fee) may exceed its income, thereby requiring that the difference be paid from a Fund's capital, including unfunded commitments.

**Leveraged Investments:** A Fund may make use of leverage by having a portfolio company incur debt to finance a portion of its investment in such 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 (and such credit markets may be impacted by regulatory restrictions and guidelines), 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 also imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and may impair its ability to operate its business as desired and/or 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 a 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 its 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 a Fund. Furthermore, should the credit markets be limited or costly at the time a Fund determines that it is desirable to sell all or a part of a portfolio company, a Fund may not achieve an exit multiple or enterprise valuation consistent with its forecasts. Moreover, the companies in which a Fund will invest generally will not be rated by a credit rating agency.

A Fund may also borrow money or guaranty indebtedness (such as a guaranty of a portfolio company's debt) or otherwise be liable therefor, and in such situations, it is not expected that a Fund would be compensated for providing such guarantee or exposure to such liability. The use of leverage by a Fund also will result in interest expense and other costs to a Fund that may not be covered by distributions made to a Fund or appreciation of its investments. A Fund may incur leverage on a joint and several bases with one or more other investment funds and entities managed by the Adviser or any of its affiliates and may have a right of contribution, subrogation, or reimbursement from or against such entities. In addition, to the extent a Fund incurs leverage (or provides such guaranties), such amounts may be secured by capital commitments made by a Fund's investors and such investors' contributions may be required to be made directly to the lenders instead of a Fund.

**Use of Credit Facility:** A Fund will generally be permitted to borrow funds pursuant to a revolving credit facility or other debt facility, including a facility based on the aggregate commitments available to be called. A Fund's use of such facilities will be determined by the General Partner and/or Adviser, and the performance of a Fund may be impacted by how the General Partner and/or Adviser causes a Fund to utilize such facilities. Although the use of such a facility may increase a Fund's ability to swiftly invest capital, it also will cause a Fund to incur interest expense and other costs. Conflicts of interest may arise in that the use of such facilities may, and likely would, delay the need for partners to make certain contributions to a Fund, which may enhance a Fund's performance figures and thereby benefit the Adviser and its affiliates.

*Risks Related to Novel Coronavirus ("COVID-19").* The outbreak of COVID-19 in December 2019 and the ensuing pandemic around the world will have significant adverse effects on the global economy and the U.S. economy, which may include (1) closures or cancellations of, or reductions in, productions or operations in affected areas in the United States and around the world, (2) mandatory quarantines and other restrictions on movement, transportation, or travel, (3) a decrease in demand for certain products or services, which may include some or all of the products and services sold by our portfolio companies, and (4) significant disruptions to the business and operations of our portfolio companies, impacting their need for working capital and their plans for liquidity events and/or sale processes and the timing thereof. The extent to which COVID-19 will affect the General Partners', the Funds', and/or portfolio companies' operations and results will depend on future developments, which are highly uncertain at this time and cannot be predicted, including new information that may emerge concerning the severity and longevity of closures and shut downs stemming from COVID-19 and the actions taken by Federal, state, and local (and international) governments to contain and mitigate the spread of COVID-19. Although we are monitoring the situation closely and are working closely with the executive management teams of our portfolio companies as events unfold, there may be circumstances beyond our control and the control of our portfolio companies that impact portfolio company performance, which may, in turn, impact the valuation of the Partnerships' investments.

**Political and other extraordinary events.** Political developments, natural disasters, public health crises and other events outside of the Adviser's control can also adversely, directly and indirectly, impact the Funds and their portfolio companies in material respects.

**Limited Transferability of Fund Interests:** There will be no public market for a Fund's interests, and none is expected to develop. There are substantial restrictions upon the transferability of Fund interests under the partnership agreement 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 Fund investments, and hence, most of a Fund's investments will be difficult to value. Certain investments may be distributed in kind to the partners and it may be difficult to liquidate the securities received at a price or within a time period that is determined to be ideal by such partners. After a distribution of securities is made to the partners, many partners may decide to liquidate such securities within a short period of time, which could have an adverse impact on the price of such securities. The price at which such securities may be sold by such partners may be lower than the value of such securities determined pursuant to the partnership agreement, including the value used to determine the amount of carried interest available to the General Partner with respect to such investment.

**Reliance on the Adviser and Portfolio Company Management:** Control over the operation of a Fund will be vested with the General Partner and control over the investment decisions and operations will be delegated to the Adviser, and a Fund's future profitability will depend largely upon the business and investment acumen of the Principals. The loss or reduction of service of one or more of the Principals could have an adverse effect on a Fund's ability to realize its investment objectives. In addition, the Principals currently, and may in the future, manage or advise other investments and/or investment funds besides a Fund and the Principals may need to devote substantial amounts of their time to the investment activities of such investments and/or other funds, which may pose conflicts of interest in the allocation of the time of the Principals. 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 Adviser. In addition, certain changes in the Adviser or circumstances relating to the Adviser may have an adverse effect on a Fund or one or more of its portfolio companies including potential acceleration of debt facilities. Although the Adviser 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 a 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 a Fund's objectives.

**Absence of Operating History:** A newly formed Fund has no operating history and will be entirely dependent on the Adviser. While the Principals have previous experience making and managing investments similar to those contemplated by a Fund, the Principals have limited experience managing and investing a committed pool of funds. 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 industry 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 such company's management, with adjustments to such projections made by the Adviser in its discretion. In all cases, projections are only estimates of future results that are based upon information received from the company and third parties and assumptions made at the time the projections are developed. There can be no assurance that the results set forth in the projections will be attained, and actual results may be significantly different from the projections. Also, general economic factors, which are not predictable, can have a material effect on the reliability of projections.

**Tax Information Exchange Regimes; FATCA Withholding Tax on Certain Non-U.S. Entities:** Numerous jurisdictions have enacted, or have committed to enact, legislation and administrative guidance requiring the collection and sharing of certain information in order to combat tax avoidance. The U.S., pursuant to the "Foreign Account Tax Compliance Act" or "FATCA" has entered into numerous intergovernmental agreements with various jurisdictions concerning the exchange of information as a means to combat tax evasion. In addition, the Organization for Economic Co-operation and Development ("OECD") has published a global Common Reporting Standard for the exchange of information pursuant to which many countries have now signed multilateral agreements. One or more of these information exchange regimes are likely to apply to a Fund and/or alternative investment vehicles and may require the General Partner or the Adviser to collect and share with applicable taxing authorities, information concerning limited partners (including identifying information and amounts of certain income allocable or distributable to them). A limited partner's failure to provide required information may result in withholding taxes, government-imposed penalties, expulsion from a Fund and/or alternative investment vehicles or other potential remedies.

**Tax Liability Considerations:** A Fund may take positions with respect to certain tax issues that depend on legal and other interpretive conclusions. Should any such positions be successfully challenged by a taxing authority, a limited partner might be found to have a different tax liability for that year than that reported on its tax returns. In addition, a taxing authority's review of a Fund may result in a review of the returns of some or all of the limited partners, which examination could result in adjustments to the tax consequences initially reported by a Fund and affect items not related to a limited partner's investment in a Fund. If such adjustments result in an increase in tax liability for any year, a Fund or one or more of the limited partners may also be liable for interest and penalties with respect to the amount due. The legal and accounting costs incurred in connection with any taxing authority's review of a Fund's tax returns will be borne by a Fund. The cost of any review of a limited partner's tax return will be borne solely by the limited partner. The taxation of partnerships and partners is complex.

**Conflicting Investor Interests:** Limited partners may have conflicting investment, tax, and other interests with respect to their investments in a Fund, including conflicts relating to the structuring of investment acquisitions and dispositions. Conflicts may arise in connection with decisions made by the Adviser regarding an investment that may be more beneficial to one limited partner than another, especially with respect to tax matters. In structuring, acquiring, and disposing of investments, the Adviser generally will consider the investment and tax objectives of a Fund and

its partners as a whole, not the investment, tax, or other objectives of any limited partner individually.

**Enhanced Scrutiny and Certain Effects of Potential Regulatory Changes:** There continue to be discussions regarding enhanced governmental scrutiny and/or increased regulation of the private equity industry. There can be no assurance that any such scrutiny or regulation will not have an adverse impact on a Fund's activities, including the ability of a Fund to effectively and timely address such regulations, implement operating improvements or otherwise execute its investment strategy or achieve its investment objectives. The combination of such scrutiny of private equity firms (along with other alternative asset managers) and their investments by various politicians, regulators and market commentators, and the public perception that certain alternative asset managers, including private equity firms, contributed to the 2007- 2008 downturn in the U.S. and global financial markets, may complicate or prevent a Fund's efforts to structure, consummate and/or exit investments, both in general and relative to competing bidders outside of the alternative asset space. As a result, a Fund may invest in fewer transactions or incur greater expenses or delays in completing or exiting investments than it otherwise would have.

**Data Protection Compliance:** Applicable laws and regulations related to privacy, data protection and information security could increase costs for a Fund and/or its portfolio companies, and a failure to comply with such laws and regulations could result in fines, sanctions or other penalties, which could materially and adversely affect the results of operations of a Fund and/or its portfolio companies. A Fund and portfolio companies are generally subject to laws and regulations related to privacy, data protection and information security in the jurisdictions in which they do business. As privacy, data protection and information security laws and regulations are implemented, interpreted, and applied, compliance costs may increase, particularly in the context of ensuring that adequate data protection and data transfer mechanisms are in place. The EU data protection law previously in effect was derived from the Data Protection Directive (Directive 95/46/EC) and had been implemented by national legislation across all 28 European Union ("EU") member states. On May 25, 2018, the General Data Protection Regulation (EU 2016/679) (the "GDPR") replaced the pre-existing legislation. The GDPR seeks to harmonize national data protection laws across the EU, while at the same time modernizing the law to address new technological developments. As a regulation, the GDPR applies to data controllers and data processors in all EU member states, immediately upon coming into effect, without the need for implementation in each member state. The GDPR notably has a greater extra-territorial reach than the pre-existing legislation and will have a significant impact on data controllers and data processors (i) with an establishment in the EU, (ii) that offer goods or services to EU data subjects or (iii) that monitor EU data subjects' behavior within the EU. The new regime imposes more stringent operational requirements on both data controllers and data processors and introduces significant penalties for non-compliance, with fines of up to 4% of total annual worldwide revenue or €20 million (whichever is higher), depending on the type and severity of the breach.

The current ePrivacy Directive will also be repealed by the EU Commission's Regulation on Privacy and Electronic Communications (the "ePrivacy Regulation"), which aims to reinforce trust and security in the digital single market by updating the legal framework on electronic privacy. The ePrivacy Regulation is in the process of being finalized and is expected to come into force in 2019. Compliance with current and future privacy, data protection and information security laws

and regulations could significantly impact current and planned privacy and information security related practices, the collection, use, sharing, retention and safeguarding of personal data and some of a Fund's current or planned business activities. A failure to comply with such laws and regulations could result in fines, sanctions, or other penalties, which could materially and adversely affect results of operations and the overall business of a Fund and/or its portfolio companies, as well as have an impact on reputation.

In addition, numerous US states and other jurisdictions have enacted or may enact similar data security and privacy laws, which may be less or more restrictive than those described above, and may impose less or more onerous compliance requirements and may have a dramatic impact on the Funds or their portfolio companies and their respective operations.

**European Union Alternative Investment Fund Managers Directive:** The AIFMD regulates the activities of certain private fund managers undertaking fund management activities or marketing fund interests to investors within the European Economic Area (the "EEA"). To the extent that a Fund is actively marketed to investors domiciled or having their registered office in the EEA: (i) a Fund and the Adviser will be subject to certain reporting, disclosure and other compliance obligations under the AIFMD, which will result in a Fund incurring additional costs and expenses; (ii) a Fund and/or the Adviser may become subject to additional regulatory or compliance obligations arising under national law in certain EEA jurisdictions, which would result in a Fund incurring additional costs and expenses or may otherwise affect the management and operation of a Fund; (iii) the Adviser will be required to make detailed information relating to a Fund and its investments available to regulators and third parties; and (iv) the AIFMD will restrict certain activities of a Fund in relation to EEA portfolio companies (including, in some circumstances, a Fund's ability to recapitalize, refinance or potentially restructure an EEA portfolio company within the first two years of ownership), which may in turn affect operations of a Fund generally. In addition, it is possible that some EEA jurisdictions will elect to restrict or prohibit the marketing of non-EEA funds to investors based in those jurisdictions, which may make it more difficult for a Fund to raise its target amount of commitments.

In the future, it may be possible for non-EEA alternative investment fund managers ("AIFMs") to market an alternative investment fund ("AIF") within the EEA pursuant to a pan-European marketing "passport", instead of under national private placement regimes. Access to the passport may be subject to a non-EEA AIFM complying with various additional requirements under the AIFMD, which may include one or more of the following: (i) additional conduct of business and organizational requirements; (ii) rules relating to the remuneration of certain personnel; (iii) minimum regulatory capital requirements; (iv) restrictions on the use of leverage; (v) additional disclosure and reporting requirements to both investors and EEA home state regulators; (vi) independent valuation of an AIF's assets; and (vii) the appointment of an independent depository. Certain EEA member states have indicated that they will cease to operate national private placement regimes when, or shortly after, the passport becomes available, which would mean that non-EEA AIFMs to whom the passport is available would be required to comply with all relevant provisions of the AIFMD in order to market to professional investors in those jurisdictions. As a result, if in the future non-EEA AIFMs may only market in certain EEA jurisdictions pursuant to a passport, the Adviser may not seek to market interests in a Fund in those jurisdictions, which may lead to a reduction in the overall amount of capital invested in a Fund. Alternatively, if the

Adviser sought to comply with the requirements to use the passport, this could have adverse effects on a Fund including, amongst other things, increasing the regulatory burden and costs of operating and managing a Fund and its investments, and potentially requiring changes to compensation structures for key personnel, thereby negatively affecting the Adviser's ability to recruit and retain these personnel.

**United Kingdom Exit from the European Union:** The European Union (the "EU") currently faces potential issues involving its membership and other structural and geo-political matters, including that one or more countries may abandon the Euro and/or withdraw from the EU. The impact of these actions, especially if they occur in a disorderly fashion, is not clear but could be significant and far-reaching. Following the June 2016 referendum vote, on March 29, 2017 the United Kingdom notified the European Council of the UK's decision to withdraw from the EU, triggering a two-year withdrawal negotiation process and, after multiple extensions, the UK left the EU on January 31, 2020, with a departure transition period until December 31, 2020. However, the terms of the withdrawal and what the potential consequences thereof may be remain unclear. This includes, but is not limited to, that it is unclear whether or not the UK will be able to successfully negotiate a new trade deal with the EU, or other nations, by the end of the transition period, whether the transition period will be extended, or whether the UK will exit the transition period without a trade deal with the EU or other nations. In addition, it is possible that portions of the UK could seek to separate and remain a part of the EU. As a result of the political divisions within the UK, between the UK and the EU, and the uncertain consequences of a Brexit, the UK and European economies and the broader global economy could be significantly impacted, and may result in increased volatility and illiquidity, and potentially lower economic growth on markets in the UK, Europe and globally, any of which could potentially have an adverse effect on the value of the Funds' investments. Whether or not a Fund invests in securities of issuers located in the UK or Europe or with significant exposure to UK or European issuers or countries, these events could negatively affect the value and liquidity of a Fund's investments or portfolio companies prospects or business due to the interconnected nature of the global economy and capital markets.

**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 (whether for opportunistic reasons, to fund the needs of the business, as an equity cure under applicable debt documents or for other reasons). There is no assurance that a Fund will make follow-on investments or that a 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 (including an event of default under applicable debt documents in the event an equity cure cannot be made). 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:** A Fund may invest in portfolio companies that are organized or headquartered or have substantial sales or operations outside of the U.S., its territories, and possessions. Such investments may be subject to certain additional risks 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 a Fund and/or the partners with respect to a Fund's income, and possible non-U.S. tax return filing requirements for a Fund and/or the partners. Additional risks of non-U.S. investments include: (i) economic dislocations in the host country; (ii) less publicly available information; (iii) less well-developed and/or more restrictive laws, regulations, regulatory institutions and judicial systems; (iv) greater difficulty of enforcing legal rights in a non-U.S. jurisdiction; (v) civil disturbances; (vi) government instability; and (vii) 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; Related Regulations:** The Adviser 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 if such contracts cannot be adequately settled. Certain hedging arrangements may create for the Adviser and/or one of its affiliates an obligation to register with the U.S. Commodity Futures Trading Commission ("CFTC") or other regulator or comply with an applicable exemption. Losses may result to the extent that the CFTC or other regulator imposes position limits or other regulatory requirements on such hedging arrangements, including under circumstances where the ability of a Fund or a portfolio company to hedge its exposures becomes limited by such requirements

**Significant Adverse Consequences for Default:** Offering Documents may provide 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 a 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.

**Transfer by General Partner:** To the extent the Adviser, its partners, the Principals, and/or their respective affiliates commit to make a direct or indirect investment in or along-side a Fund, a material participation in or a portion of such investment may thereafter be transferred to others, subject to any express limitations thereon in the partnership agreement.

**Public Company Holdings:** A Fund's investment portfolio may contain securities and debt issued by publicly held companies. Such investments may subject a Fund to risks that differ in type or degree from those involved with investments in privately held companies. Such risks include greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of a Fund to dispose of such securities and debt at certain times, increased likelihood of shareholder litigation and insider trading allegations against such companies' executives and board members, including the Principals, and increased costs associated with each of the aforementioned risks.

**Non-controlling Investments:** A Fund may hold meaningful minority stakes in privately held companies and in some cases may have limited minority protection rights. 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 companies 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. To the extent a 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 a Fund or its limited partners. Such third parties may be in a position to take action contrary to a Fund's business, tax or other interests, and a Fund may not be in a position to limit such contrary actions or otherwise protect the value of its investment.

When taking non-control positions, a Fund generally will seek to negotiate certain negative controls and veto rights on major decisions, but there can be no assurance that a Fund will be able to control the timing or occurrence of an exit strategy for such portfolio companies in a manner that maximizes or protects value. Where a Fund holds a minority stake, it may be more difficult for a Fund to liquidate its interests than it would be had a Fund owned a controlling interest in such company. Even if a Fund has contractual rights to seek liquidity of a Fund's minority interests in such companies, it may be very difficult to sell such interests or seek a sale of such company upon terms acceptable to a Fund, especially in cases where the interests of the other investors in such company have different business and investment objectives and goals.

**Director Liability:** A Fund will often seek to obtain the right to appoint one or more representatives to the board of directors (or similar governing body) of the 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 a 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. In addition, involvement in litigation can be time consuming for such persons and can divert the attention of such persons from a Fund's investment activities.

**Limitation of Recourse and Indemnification:** The Offering Documents will limit the circumstances under which the Adviser and its affiliates will be held liable to a Fund. As a result, limited partners may have a more limited right of action in certain cases than they would have in the absence of such provision. In addition, the partnership agreement will provide that a Fund will indemnify the Adviser and its affiliates for certain claims, losses, damages, and expenses arising out of their activities on behalf of a Fund. Such indemnification obligations could materially impact the returns to limited partners.

**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 Adviser'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.

**Advisory Board:** For certain Funds, the General Partner or the Adviser may appoint one or more limited partner representatives to the Advisory Board. The partnership agreement may provide that to the fullest extent permitted by applicable law, none of the Advisory Board members shall owe any fiduciary duties to a Fund or any other partner. In addition, representatives of the Advisory Board may have various business and other relationships with the Adviser and its Principals, employees, and affiliates. These relationships may influence their decisions as members of the Advisory Board.

**U.S. Taxation of Carried Interest:** U.S. federal income tax law treats certain allocations of capital gains to service providers by partnerships such as a Fund as short-term capital gain (taxed at higher ordinary income rates) unless the partnership has held the asset which generated such gain for more than three years. This could reduce the after-tax returns of individuals associated with a Fund, the Adviser, or the General Partner who were or may in the future be granted direct or indirect interests in carried interest, which could make it more difficult for the Adviser and its affiliates to incentivize, attract and retain individuals to perform services for a Fund. This could also create an incentive for the Principals to cause a Fund to hold investments for a longer period than would be the case if such three-year holding period requirement did not exist.

**U.S. Federal Income Tax Liability Resulting from IRS Audits:** U.S. federal income taxes arising from a U.S. Internal Revenue Service ("IRS") audit will be paid by a Fund absent an election to the contrary. In addition, a "partnership representative" will have the power to act on behalf of a Fund and its partners in all IRS audits and other proceedings involving a Fund's U.S. federal income, loss, deductions, and credits.

**Delayed Tax Information:** A Fund may not be able to provide final tax filing information to limited partners for any given fiscal year until after the initial tax filing deadlines for limited partner tax returns. Accordingly, limited partners should plan to obtain extensions of the filing dates for their income tax returns. Each prospective investor should consult with its own adviser as to the advisability and tax consequences of an investment in a Fund.

**Uncertain Economic, Social and Political Environment:** Consumer, corporate and financial confidence may be adversely affected by current or future tensions around the world, fear of terrorist activity and/or military conflicts, localized or global financial crises or other sources of political, social, or economic unrest. Such erosion of confidence may lead to or extend a localized or global economic downturn. A climate of uncertainty may reduce the availability of potential investment opportunities, and increases the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. In addition, limited availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses, in an uncertain environment or economic downturn may have an adverse effect on the economy generally and on the ability of 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 U.S. 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 a 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 objective.

**Deterioration of Credit Markets May Affect Ability to Finance and Consummate Investments:** In the event that the global credit markets deteriorate, and it becomes more difficult for investment funds such as a Fund to obtain favorable financing for investments, a Fund's ability to generate attractive investment returns may be adversely affected. Moreover, to the extent that such deterioration is not temporary, it may have an adverse impact on the availability of credit to businesses generally and could lead to an overall weakening of the U.S. and global economies. Such deterioration also may restrict the ability of a Fund to realize its investments at favorable times or for favorable prices.

**Material Non-Public Information:** As a result of the operations of the Adviser and its affiliates, the Adviser may come into possession of confidential or material, non-public information. Therefore, the Adviser and its affiliates may have access to material, nonpublic information that may be relevant to an investment decision to be made by a Fund. Consequently, a Fund may be restricted from initiating a transaction or selling an investment which, if such information had not been known to it, may have been undertaken on account of applicable securities laws or the Adviser's internal policies. Due to these restrictions, a Fund may not be able to make an investment that it otherwise might have made or sell an investment that it otherwise might have sold.

**Certain Consultants:** The General Partner may retain, on behalf of a Fund and/or the portfolio companies, as applicable, operating partners and other consultants ("Operating Partners"), which may be affiliates of the General Partner, employees of such affiliates, portfolio companies of other funds managed by the General Partner or its affiliates, third party consultants (including individual Operations Group members, consultants and external executives), "strategic partners," "executive partners" or "senior advisors." The Operating Partners may regularly provide services to, or in connection with, a Fund in relation to its activities, or to one or more portfolio companies in relation to the identification, acquisition, holding, improvement, and disposition of such portfolio companies, including operational aspects of such companies ("Services"). Pursuant to the partnership agreement, fees and expenses associated with the Services (collectively, "Consulting Fees and Expenses"), may be paid and/or reimbursed by applicable portfolio companies, and Consulting Fees and Expenses do not offset the Management Fee. Consulting Fees and Expenses are expected to include cash fees, profits or equity interests in a portfolio company, a share of proceeds upon sale of a portfolio company and/or other incentive-based compensation to the Operating Partner, which may be determined according to one or more methods, including the value of the time (including an allocation for overhead and other fixed costs) of the Operating Partner, a percentage of the value of the portfolio company, the invested capital exposed to such portfolio company, amounts charged by other providers for comparable services and/or a percentage of cash flows from such company. Additionally, portfolio companies may provide opportunities for Operating Partners to invest in such portfolio company and reimburse costs and expenses incurred by Operating Partners. Operating Partners also may receive remuneration from the General Partner and/or a Fund or affiliates and/or be entitled to other forms of compensation, including equity grants in portfolio companies. Such investment opportunities, reimbursements and other compensation paid to an Operating Partner will not offset the Management Fee. Operating Partners may have a limited partnership or profit interest in a Fund, the General Partner, one or more other investment funds sponsored by the General Partner or in an affiliate of the General Partner. Although the General Partner intends to retain Operating Partners with a view to reducing costs to portfolio companies (and, ultimately, a Fund) and/or improving portfolio company performance, a number of factors may result in limited or no cost savings from such retention. In addition, the General Partner intends to retain only such Operating Partners which it believes provide a level of service at a value generally consistent with other relevant market alternatives. However, 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.

**Unfunded Pension Liabilities of Portfolio Companies:** Recent court decisions have found that, where an investment fund owns 80% or more (or under certain circumstances less than 80%) of a

portfolio company, such fund (and any other 80%-owned portfolio companies of such fund) might be found liable for certain pension liabilities of such a portfolio company to the extent the portfolio company is unable to satisfy such liabilities. Although a Fund intends to manage its investments to minimize any such exposure, a Fund may, from time to time, invest in a portfolio company that has unfunded pension fund liabilities, including structuring the investment in a manner where a Fund may own an 80% or greater interest in such a portfolio company. If a Fund (or other 80%-owned portfolio companies of a Fund) were deemed to be liable for such pension liabilities, this could have a material adverse effect on the operations of a Fund and the companies in which a Fund invests. This discussion is based on current court decisions, statute, and regulations regarding control group liability under the Employee Retirement Income Security Act of 1974, as amended, which may change in the future as the case law and guidance develops.

**Valuation of Assets:** There is not expected to be an actively traded market for most of the securities owned by a Fund. When estimating fair value, the Adviser will apply a methodology it determines to be appropriate based on accounting guidelines and the applicable nature, facts, and circumstances of the respective investments. However, the process of valuing securities for which reliable market quotations are not available is based on inherent uncertainties and the resulting values may differ from values that would have been determined had an active market existed for such securities and may differ from the prices at which such securities ultimately may be sold. The exercise of discretion in valuation by the Adviser may give rise to conflicts of interest, including in connection with determining the amount and timing of distributions of carried interest and the calculation of management fees.

**Contingent Liabilities Upon Disposition:** In connection with the disposition of an investment, a Fund and the Adviser may be required to make (and/or be responsible for another person's or entity's breach of) representations and warranties, e.g., about the business and financial affairs of the applicable portfolio company, the condition of its assets and the extent of its liabilities, in each case generally in the nature of representations and warranties typically made in connection with the sale of similar businesses, and may be responsible for the content of disclosure documents under applicable securities laws. They may also be required to indemnify the purchasers of such investment or underwriters to the extent that any such representations or disclosure documents are inaccurate. These arrangements may result in contingent liabilities, which would be borne by a Fund and, ultimately, its investors.

**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 a Fund, to substantial losses. In addition, in the event that such a cyber-attack or other unauthorized access is directed at the General Partner, the Adviser, or one of its or their affiliates or service

providers holding its financial or investor data, the General Partner, the Adviser, or one of its or their affiliates or a Fund may also be at risk of loss.

**No Protection Under the Investment Company Act:** In reliance upon a statutory exclusion for privately offered securities by certain entities that would otherwise be deemed to be “investment companies,” the Funds offered by RCP have not been registered and are not expected to register as investment companies under the Investment Company Act. Among other things, the Investment Company Act generally requires investment companies to have a minimum of 40% independent directors, regulates the relationship between the investment adviser and the investment company and provides other substantive limitations on an investment company’s portfolio. Such protections, and others afforded by the Investment Company Act, will not be applicable to the Funds and their limited partners. If the Fund were required to register as an investment company but failed to do so, the Fund would be prohibited from engaging in its business, and criminal and civil actions could be brought against the Fund. In addition, the Fund’s contracts would be unenforceable unless a court required enforcement, and a court could appoint a receiver to take control of the Fund and liquidate its business.

### Conflicts of Interest

Investors should be aware that various actual and potential conflicts will arise from the overall investment activities of a Fund, the Adviser, and their respective affiliates. The following discussion identifies certain potential conflicts of interest that should be carefully considered before making an investment in a Fund. In addition, investors should be aware that the General Partners, the Adviser, and their respective personnel may in the future engage in further activities that may result in additional conflicts of interest not addressed below. There can be no assurance that the General Partners or the Adviser will identify or resolve all conflicts of interest and, if resolved, that such conflicts will be resolved in a manner that is favorable to a Fund. In connection with managing investments funds other than a Fund, the Principals expect to spend a portion of their business time and attention pursuing investment opportunities for other investment funds and other than on behalf of a Fund. The Principals and the Adviser’s investment staff will continue to manage and monitor such investment funds and investments. The General Partners and Adviser believe that the significant investment of the Principals in a Fund, as well as the Principals’ interest in the carried interest, operate to align, to some extent, the interest of the Principals with the interest of the partners, although the Principals have or may have economic interests in such other investment funds and investments as well and receive management fees and carried interests relating to those interests. Such other investment funds and investments that the Principals may control or manage may compete with a Fund or companies acquired by a Fund. At such time as a General Partner is permitted to raise a successor investment fund to a Fund, the Principals will continue to manage a Fund’s investments, but also may and likely will focus investment activities on other opportunities and areas unrelated to a Fund’s investments. Certain investments may be allocated between a Fund and any successor or predecessor fund in a manner as set forth in the partnership agreement. Until such time as a General Partner is permitted under the partnership agreement to raise a successor investment fund to a Fund, the Principals generally will pursue substantially all appropriate investment opportunities that meet the investment criteria of a Fund principally for the benefit of a Fund, subject to certain exceptions set forth in the partnership agreement. However, the Principals currently, and may in the future, manage several other

investment funds besides a Fund and investments similar to those in which a Fund will be investing and may direct certain relevant investment opportunities to those investment funds and investments.

Over time, certain investment opportunities suitable for a Fund are likely also to be suitable for other investment funds sponsored by a General Partner or its affiliates. In determining which investment funds should participate in such investment opportunities, subject to the partnership agreement, a General Partner, the Adviser, and their affiliates are subject to potential conflicts of interest among the investors in a Fund and investors in the other investment funds sponsored by a General Partner and the Principals. To determine whether a Fund or other investment funds sponsored by a General Partner or its affiliates will participate in the relevant investment opportunity, each General Partner generally assesses whether an investment opportunity is appropriate for each relevant fund based on the terms of such Fund's limited partnership agreement, as well as factors including but not limited to: each Fund's investment restrictions and objectives (including those set forth in the relevant Fund's partnership agreements, where applicable), strategy, capital structure, risk profile, time horizon, investment size, tax sensitivity, tolerance for turnover, asset composition, cash level (if any), applicable regulatory restrictions, life cycle and structure. A Fund may invest together with other funds advised by the Adviser or an affiliated adviser in the manner set forth in the relevant partnership agreements. The Adviser will determine the allocation of investment opportunities among funds in a manner that it believes is fair and equitable consistent with the Adviser obligations and may take into consideration factors such as those set forth above. In the event that the available amount of an investment opportunity in which a Fund will invest exceeds an amount appropriate for a Fund, such excess may also be offered to one or more potential investors. The Adviser allocation of investment opportunities among a Fund and any of the other investment funds sponsored by the Adviser may not always, and often will not, be proportional. Therefore, such allocations may be more advantageous to a Fund relative to one or all of the other investment funds, or vice versa. While the Adviser will allocate investment opportunities in a way that they believe in good faith is fair and equitable to a Fund, there can be no assurance that a Fund's actual allocation of an investment opportunity, if any, or terms on which the allocation is made, will be as favorable as they would be if the conflicts of interest to which the Adviser may be subject did not exist.

Additionally, conflicts of interest can arise if a Fund makes an investment in a portfolio company in conjunction with an investment made by another investment fund sponsored by the General Partner or an affiliate. For instance, a Fund may not invest through the same investment vehicles, have the same access to credit or employ the same hedging or investment strategies as such other investment fund. This may result in differences in price, investment terms, leverage and associated costs between a Fund and any other investing fund sponsored by the General Partner or an affiliate. There can be no assurance that a Fund and the other investing fund(s) will exit the investment at the same time or on the same terms, and there can be no assurance that a Fund's return on such an investment will be the same as the returns achieved by any other investment fund participating in the transactions. Given the nature of these conflicts, there can be no assurance that the resolution of these conflicts will be beneficial to a Fund. The Adviser may be faced with a variety of potential conflicts of interest when it determines allocations of various fees and expenses to a Fund. Each General Partner, in its sole discretion, will allocate fees and expenses in accordance with a Fund's partnership agreement and in a manner that it believes in good faith is fair and equitable to a Fund.



under the circumstances and considering such factors as it deems relevant. 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 the number of funds or co-investors receiving related benefits or proportionately in accordance with asset size. A Fund intends to make controlling investments in portfolio companies. As a result of these controlling interests, its General Partner typically has the right to appoint portfolio company board members (including current or former General Partner personnel, a member of Operations Group or persons serving at their request), or to influence their appointment, and to determine or influence the determination of their compensation.

Additionally, from time to time, portfolio company board members approve compensation and other amounts payable to the Adviser in connection with services provided by the Adviser and its affiliates to such portfolio company, and, except to the extent such amounts are subject to the partnership agreement's offset provision, are in addition to the Management Fee or carried interest discussed herein. The General Partner's authority to appoint or influence the appointment of portfolio company board members who may be involved in approving compensation payable to the Adviser subjects the General Partner and any such portfolio company board appointees to potential conflicts of interest.

Additionally, a portfolio company typically will reimburse the Adviser or service providers retained at the Adviser discretion for expenses (including, without limitation, travel expenses) incurred by the Adviser or such service providers in connection with the performance of services for such portfolio company. This subjects the Adviser to conflicts of interest because a Fund generally does not have an interest or share in these reimbursements, and the amount of such reimbursements over time is expected to be substantial. Subject to the partnership agreement and its internal reimbursement policies and practices, the Adviser determines the amount of these reimbursements for such services in its own discretion. The Adviser may also, from time to time, employ personnel with pre-existing ownership interests in or who were employed by portfolio companies owned by a Fund or other funds or investment vehicles advised by a General Partner or its affiliates; conversely, former personnel or executives of a General Partner may serve in significant management roles at portfolio companies or service providers recommended by an Adviser. Similarly, the Adviser and/or its personnel maintain relationships with (or may invest in) financial institutions, service providers and other market participants, including 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 will be affiliated with an investor) in, engage in transactions with and/or provide services (including services at reduced rates) to, a General Partner, and/or a Fund, other Funds, or other investment vehicles a General Partner or an affiliate advises. A General Partner may have a conflict of interest with a Fund in recommending the retention or continuation of a third-party service provider to a Fund or a portfolio company owned by a Fund 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 a General Partner or an affiliate advises, will provide a General Partner information about markets and industries in which a General Partner operates (or is contemplating operations) or will provide other services that are beneficial to a General

Partner. The Adviser may have a conflict of interest in making such recommendations, in that the Adviser has an incentive to maintain goodwill between itself and the existing and prospective portfolio companies for a Fund and other funds and investment vehicles that a General Partner or an affiliate advises, while the products or services recommended may not necessarily be the best available to the portfolio companies held by a Fund.

Over the life of a Fund, the Adviser or the General Partner generally expects to exercise its discretion to recommend to a Fund or to a portfolio company thereof that it contract for services with various service providers, potentially including, among others: (i) the Adviser (or an affiliate, which may include other portfolio companies of a Fund or other investment funds sponsored by a General Partner) and at rates determined or substantively influenced by the Adviser; (ii) an entity with which the General Partner or its affiliates or current or former members of their personnel has a relationship or from which such person derive a financial or other benefit; or (iii) a limited partner (or a limited partner of another fund) or its affiliates. This subjects a General Partner to potential conflicts of interest, because although it intends to select service providers that it believes are aligned with its operational strategies and that will enhance portfolio company performance, a General Partner may have an incentive to recommend the related or other person because of its financial or business interest. Additionally, there is a possibility that a General Partner, because of such incentive or for other reasons (including whether the use of such persons could establish, recognize, strengthen or cultivate relationships that have the potential to provide longer-term benefits to the Adviser, a Fund or other investment funds sponsored by a General Partner or its affiliates), may favor such retention or continuation even if a better price and/or quality of service provider could be obtained from another person. Whether or not the Adviser or the General Partner has a relationship with 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.

The fact that a General Partner's carried interest is based on a percentage of net profits may create an incentive for the Adviser to cause a Fund to make riskier or more speculative investments or to hold an investment longer than otherwise would be the case. In addition, because a Fund has a fixed investment period after which capital from limited partners generally may only be drawn down in limited circumstances, and because the Management Fee is, at certain times during the life of a Fund, calculated based upon the invested capital a Fund, the Management Fee structure may create an incentive for the Adviser to deploy capital when it might not otherwise have done so.

**C. If you recommend primarily a particular type of security, explain the material risks involved. If the type of security involves significant or unusual risks, discuss these risks in detail.**

See Item 8 B above for information about material risks.

**ITEM 9: DISCIPLINARY INFORMATION**

**If there are legal or disciplinary events that are material to a client's or prospective client's evaluation of your advisory business or the integrity of your management, disclose all material facts regarding those events.**

Like other registered investment advisers, RCP is required to disclose all material facts regarding any legal or disciplinary events that would materially impact an investor's evaluation of the integrity of the management of RCP. The Adviser is not aware of any legal or disciplinary events that would be material to an investor's or a prospective investor's evaluation of the integrity of the management of RCP.

#### **ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

- A. If you or any of your management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer, disclose this fact.**

Neither RCP nor any management person is registered or has an application pending to register, as a securities broker-dealer or registered representative of a broker-dealer.

- B. If you or any of your management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading adviser, or an associated person of the foregoing entities, disclose this fact.**

Neither RCP nor any management person is registered or has an application pending to register, as a futures commission merchant, commodity pool operator, commodity trading adviser, or an associated person of the foregoing entities.

- C. Describe any relationship or arrangement that is material to your advisory business or to your clients that you or any of your management persons have with defined related persons. Identify the related person and if the relationship or arrangement creates a material conflict of interest with clients, describe the nature of the conflict and how you address it.**

#### Portfolio Company Involvement

As noted throughout this Brochure, the Adviser and its advisory affiliates or persons controlled by or under common control with the Adviser (its "related persons") are, directly or indirectly, managing members of the General Partner of each Fund. Certain advisory personnel spend a substantial portion of their business time on one or more Funds as required under the terms of each Fund's Offering Documents. Principals, employees, and affiliate entities of the Adviser often become actively involved in portfolio company operations throughout the investment cycle.

A related person's involvement with portfolio company operations may introduce a conflict of interest between the fiduciary duty he or she owes as a member of a portfolio company board and the fiduciary duty he or she owes to a Fund. To meet its fiduciary duty, the Adviser will take such action as may be necessary to reduce, and where possible, eliminate any such conflict of interest. Such action may include refraining from voting on certain portfolio company matters, referring conflict matters to the limited partner Advisory Board (if applicable), or resigning its portfolio company board or executive position. While the risk of these conflicts cannot be eliminated, the Adviser has implemented policies and procedures to address certain of these conflict situations.

The Adviser has entered into and may enter into additional agreements or side letters with certain prospective or existing investors whereby such investors negotiate certain terms and conditions in addition to those set forth in a Fund's Offering Documents. The modifications are solely at the discretion of a Fund and may, among other things, be based on the size of the investor's investment in a Fund or other similar commitment by an investor. The other limited partners will have no recourse against a Fund or the Adviser in the event that certain limited partners receive additional or different rights or terms as a result of such arrangements.

### Operations Group

As noted in *Item 4 - Advisory Business*, supporting the RCP team is the Operations Group which includes operators, senior advisors and industry specialists that have previously worked with members of the RCP team or that the RCP team develops.

Operations Group members do not directly participate in the Adviser's decision-making process with regard to the acquisition or sale of the portfolio company. Operations Group members are not employees, members or partners of any RCP entity and are not expected to have a carried interest in any investment made by a Fund. Operations Group members may, however, receive compensation from RCP portfolio companies. Such compensation will not result in offsets to or reductions of the Management Fee. Operating Partners may be independent contractors or employees of current or former portfolio companies, some of whom may also be independent contractors to RCP, and may have business or investment activities unrelated to the Adviser.

Although the Adviser may engage an Operating Partner during the due diligence process relating to a target portfolio company and may recommend the services of an Operating Partner to a portfolio company, a portfolio company's determination of whether to engage an Operating Partner is made by such portfolio company in its sole discretion. Operating Partners are typically compensated directly by the portfolio company to which they provide advice; provided that the applicable Adviser-managed fund typically will bear the costs and expenses associated with an Operating Partner in the , case where the Adviser retained such Operating Partner in connection with a particular transaction, but the transaction is ultimately not consummated. Any compensation paid to an Operating Partner by a portfolio company or otherwise may be in the form of board of directors' fees, consulting fees, salary, expense reimbursement and profit or equity participation and does not offset management fees (or other fees) received by the Adviser or any of its affiliates.

The referral of Operating Partners to one or more portfolio companies may subject the Adviser and/or its affiliates to potential conflicts of interest. The Adviser believes that such conflicts are mitigated by the potential cost savings to portfolio companies (expected to benefit the applicable Fund(s)) that will result if the cost of the Operating Partner is lower than market rates for the services provided and/or if the quality of Operating Partner services makes a greater contribution to the success of the portfolio company. Although the Adviser seeks to refer Operating Partners with a view toward reducing costs and adding value to portfolio companies and, ultimately, a Fund, a number of factors may result in limited or no cost savings from such retention.

**D. If you recommend or select other investment advisers for your clients and you receive compensation directly or indirectly from those advisers that creates a material conflict of interest, or if you have other business relationships with those advisers that**

**create a material conflict of interest, describe these practices, and discuss the material conflicts of interest these practices create and how you address them.**

RCP does not select other investment advisers on behalf of Clients.

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

**A. If you are an SEC-registered adviser, briefly describe your Code of Ethics adopted pursuant to SEC rule 204A-1 or similar state rules. Explain that you will provide a copy of your Code of Ethics to any client or prospective client upon request.**

The Adviser values investor trust and places its fiduciary responsibilities to the Funds and investors first and foremost in all aspects of its business. In accordance with Rule 204A-1 under the Advisers Act, RCP has adopted a code of ethics (the “Code of Ethics”). The Code of Ethics outlines a high standard of business conduct and reinforces each employee’s role in discharging the fiduciary duty to the Funds and investors. The Code of Ethics sets forth standards of conduct expected of the Adviser employees, reflects our fiduciary duties, and addresses conflicts that arise from personal trading, gifts and entertainment, and outside business activities. The Adviser is committed to maintaining the confidentiality, integrity, and security of current and prospective investors’ nonpublic personal information and adheres to high standards to safeguard such information. The Adviser Code of Ethics includes, among other things, the following minimum standards for RCP and its employees.

- ◆ A requirement for employees to comply with applicable federal securities laws;
- ◆ A requirement for employees to receive pre-approval for certain security transactions and to report, and RCP to review, all their personal securities transactions and holdings periodically as provided below;
- ◆ A requirement for employees to report any violations of the Adviser Code of Ethics promptly to the Chief Compliance Officer; and
- ◆ A requirement that the Adviser provide each employee a copy of the Code of Ethics and any amendments, and a requirement that employees provide the Adviser with a written acknowledgment of their receipt of the Code of Ethics and any amendments.

A copy of the Adviser Code of Ethics is available to any current or prospective investor by contacting our Chief Compliance Officer at (240) 482-0612.

**B. If you or a related person recommends to clients, or buys or sells for client accounts, securities in which you or a related person has a material financial interest, describe your practice, and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.**

In most cases, the General Partner of a Fund holds a direct interest in such Fund and, therefore, holds indirect beneficial interests in each of the investments owned by a Fund and will share in

any profits and losses generated by Fund investments. As a result of carried interest, the General Partner of a Fund may share disproportionately in profits.

RCP and its affiliated General Partners will always endeavor to act in the best interest of a Fund; however, investors should be aware that General Partners' receipt of carried interest from a Fund creates a conflict of interest with respect to such transactions. These and other operating relationships have the potential for creating conflicts of interest. Where actual or potential conflicts of interest between RCP, affiliates, related persons, and a Fund are identified, procedures contained in the Offering Documents of a Fund and/or RCP's compliance policies and procedures provide for resolution.

In the case of all conflicts of interest, the determination as to which factors are relevant, and the resolution of such conflicts, will be made using the Adviser best judgment, but in its sole discretion. In resolving conflicts, the Adviser consider various factors, including the interests of the applicable Fund with respect to the immediate issue and/or with respect to their longer-term courses of dealing. Many important conflicts of interest generally will be disclosed in and resolved by defined procedures, restrictions or other provisions contained in a Fund's Offering Documents.

- C. If you or a related person invests in the same securities (or related securities, e.g., warrants, options, or futures) that you or a related person recommends to clients, describe your practice, and discuss the conflicts of interest this presents and generally how you address the conflicts that arise in connection with personal trading.**

See Item 11B. above.

- D. If you or a related person recommends securities to clients, or buys or sells securities for client accounts, at or about the same time that you or a related person buys or sells the same securities for your own (or the related person's own) account, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.**

See Item 11B. above.

## **ITEM 12: BROKERAGE PRACTICES**

- A. Describe the factors that you consider in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).**

Typically, the purchase or sale of a security for a Fund will involve a privately negotiated transaction with the issuer, prospective seller, or prospective purchaser(s) of the security, and generally will not involve the services of a traditional broker or dealer as is customary in the transaction of registered securities. The Adviser seeks to negotiate and execute transactions in compliance with the Offering Documents of a Fund, its fiduciary duty to such Fund and investors, and the Adviser's compliance policies and procedures.

With regard to the purchase and sale of certain portfolio companies however, it may be necessary for the Adviser to engage a broker, dealer, investment bank, or other intermediary to ensure that a transaction is closed in a manner most advantageous to a Fund. When executing portfolio transactions using an intermediary, the Adviser, seeks the best overall execution terms available to close the deal expeditiously and on terms most favorable to a Fund.

In assessing the best overall terms available for a transaction, the full range and quality of an intermediary's services are considered, including execution capability, experience in private equity transactions, network of contacts and relationships, research services (such as reports and analyses of markets, industries, companies, and economic trends), commission rates (or their equivalents), reputation and integrity, financial responsibility, and responsiveness. Intermediary arrangements are guided by contractual agreements in part to protect the integrity and confidentiality of Fund investment activity and to seek assurances as to the proper qualifications of such intermediaries.

- 1. Research and Other Soft Dollar Benefits. If you receive research or other products or services other than execution from a broker-dealer or a third party in connection with client securities transactions ("soft dollar benefits"), disclose your practices and discuss the conflicts of interest they create.**

The Adviser does not engage in soft dollar arrangements, which are a means of paying brokerage firms for their services through commission revenue rather than by direct hard dollar payments. However, the Adviser may receive general unsolicited research from certain brokers or investment banks specializing in private equity investments. The Adviser has no contractual obligation to compensate or do business with these research providers.

- 2. Brokerage for Client Referrals. If you consider, in selecting or recommending broker-dealers, whether you or a related person receives client referrals from a broker-dealer or third party, disclose this practice and discuss the conflicts of interest it creates.**

The Adviser does not receive client referrals from unaffiliated counterparties, or third parties utilized to arrange Fund investments.

- 3. Directed Brokerage. If you routinely recommend, request, or require that a client direct you to execute transactions through a specified broker-dealer, describe your practice or policy. If you permit a client to direct brokerage, describe your practice.**

The Adviser does not permit the direction of any Fund transactions to any broker or intermediary by an investor, and therefore directed brokerage does not apply to its business.

- B. Discuss whether and under what conditions you aggregate the purchase or sale of securities for various client accounts. If you do not aggregate orders when you have**

**the opportunity to do so, explain your practice and describe the costs to clients of not aggregating.**

#### Allocation and Aggregation of Transactions

The Adviser follows an allocation and aggregation policy under which the Adviser and affiliate entities may allocate and aggregate transactions on a fair and equitable basis, consistent with the Offering Documents of a Fund, its policies and procedures, and fiduciary duty. Aggregated portfolio investments are generally allocated among a participating Fund and other co-investment vehicles on a *pro rata* basis, with exceptions based on applicable investment objectives, strategies, and other guidelines. When the investment period of a Fund has expired, with the exception of certain follow-on investments to existing portfolio company positions and investments committed to prior to the end of the investment period, a Fund will generally not engage in new acquisition transactions. The Adviser's investment discretion to allocate investment opportunities is exercised according to the Offering Documents of applicable Funds.

The Adviser directs the allocation of capital commitments for all Funds pursuant to its allocation and aggregation policy, under which it considers certain criteria, including, among others: (i) Fund objectives; (ii) Fund size and available investment capital; (iii) Fund preemptive rights; (iv) Fund diversification guidelines; (v) size and scope of the investment opportunity; and (vi) current and anticipated market conditions. If an investment opportunity is suitable for more than one Fund, the Adviser and its affiliated entities will allocate the investment opportunity between Funds in a manner that, over time, is fair and equitable to each Fund, considering all relevant facts and circumstances. The Advisory Boards, if and when appointed by the General Partner of a Fund, and the majority vote of investors in Funds without an Advisory Board may assist in this process.

#### Conflicts of Interest - Allocation of Investment Opportunities

As noted above, the Adviser maintains an allocation policy to determine how investment opportunities are to be allocated when more than one Fund is actively seeking investments. A conflict of interest may arise relative to the allocation of investment opportunities under these conditions. For example, if a successor Fund is considering a portfolio company investment during the investment period of a predecessor Fund, or if an investment is to be made by a successor Fund in a security that constitutes a follow-on investment for the predecessor Fund, a conflict of interest may arise. A conflict may also arise when different Funds with different investment objectives have common investment interests in a particular prospective portfolio company or group of companies. Authorization of one or more Advisory Boards, or the majority vote of investors in Funds without an Advisory Board, may be required to determine the fair allocation between participating Funds. Except as required by the relevant Offering Documents, the Adviser is not obligated to recommend any investment to any particular investment vehicle.

#### Portfolio Valuation

In the absence of a perpetual market for such interests, the Adviser determines a value for each underlying portfolio company based on the periodic application of its internal valuation policies and methodologies. As a fiduciary to the Funds and investors, the Adviser has adopted formal valuation policies and procedures designed such that portfolio holdings reflect current, fair, and



accurate asset valuations. Valuation policy attributes include, but are not limited to: (i) detailed written procedures; (ii) quarterly reviews of Fund portfolio valuations carried out by the Adviser's Valuation Committee; (iii) Advisory Board participation in valuation processes as may be required by a Fund's Offering Documents; (iv) periodic valuation policy review; and (v) external auditor review of written valuation policies and records prior to issuance of annual Fund financial statements.

Fund portfolio valuation represents a conflict of interest for investment advisers. The exercise of discretion in valuation by the Adviser may give rise to conflicts of interest, as fees, carried interest (although carried interest payments are not based on unrealized valuations, but only realized transactions), and performance returns are calculated based, in part, on these valuations. Valuations are inherently subjective as there is no public exchange for a Fund's underlying assets or for the trading of limited partnership interests in a Fund. The process of valuing assets for which reliable market quotations are not available is based on inherent uncertainties and the resulting values may differ from values that would have been determined had an active market existed for such assets and may differ from the prices at which such assets may ultimately be sold. The Adviser cannot fully mitigate the conflicts and risks inherent in the valuation process but manages these conflicts and risks through its investment process and compliance program.

#### Cross Transactions

The Adviser and its affiliated entities do not generally engage in cross transactions where a portfolio company investment is transferred between Funds or co-investors or co-investment vehicles. However, in the future, such transactions could arise in the context of re-balancing an investment among parallel investing entities or in contexts where a portfolio company owned by one Fund is acquired by a portfolio company owned by another Fund. Any such transactions raise potential conflicts of interest, including where the investment of one Fund supports the value of portfolio companies owned by another Fund. These conflicts are heightened to the extent the relevant securities are illiquid or do not have a readily ascertainable value, and there generally can be no assurance that the price at which such transactions are entered into represent what would ultimately be the underlying investment's fair value. If it becomes necessary in the future to engage in cross transactions, the Adviser intends that any such transactions be conducted in a manner that it believes in good faith to be fair and equitable to each Fund under the circumstances, including a consideration of the potential present and future benefits with respect to each Fund. Approval may be granted provided the transfer is consistent with the Adviser's fiduciary obligations to each Fund sharing in the cross transaction, applicable Fund Offering Documents, and relevant securities statutes, including the Advisers Act. Authorization of one or more Advisory Boards, or the majority vote of investors in Funds without an Advisory Board, may be required for the Funds participating in such transactions.

#### Co-Investments

A General Partner may, in its sole discretion, provide or commit to provide co-investment opportunities to one or more limited partners and/or other persons, in each case on terms to be determined by such General Partner in its sole discretion. Conflicts of interest may arise in the allocation of such co-investment opportunities. The allocation of co-investment opportunities, which may be made to one or more persons for any number of reasons as determined by the

General Partner of each Fund in its sole discretion, may not be in the best interests of a Fund or any individual limited partner.

In exercising its sole discretion in connection with such co-investment opportunities, a General Partner may consider some or all of a wide range of factors, including, without limitation, relevant industry knowledge, prior co-investing experience, expressed interest in co-investment opportunities, likelihood that an investor may invest in a future fund sponsored by the General Partner or its affiliates, speed and certainty of closing, prior, current and potential future commitment levels, and tax, regulatory and securities laws and/or other legal considerations (e.g., qualified purchaser or qualified institutional buyer status). A Fund may co-invest with third parties through partnerships, joint ventures or other entities or arrangements. Such investments may involve risks not present in investments where a third-party is not involved, including the possibility that a third-party co-venturer or partner may at any time have economic or business interests or goals that are inconsistent with those of a Fund, or may be in a position to take action contrary to the investment objectives of a Fund.

In addition, a Fund may in certain circumstances be liable for actions of its third-party co-venturer or partner. There can be no assurance that a Fund's return from a transaction would be equal to and not less than the return of another party that was allocated a co-investment opportunity and that is participating in the same transaction. Furthermore, decisions regarding whether and to whom to offer co-investment opportunities may be made by a General Partner or its related persons in consultation with other participants in the relevant transactions, such as a co-sponsor. Co-investment opportunities may, and typically will, be offered to some and not to other limited partners. When and to the extent that employees and related persons of a General Partner make capital investments in or alongside a Fund, such General Partner is subject to conflicting interests in connection with these investments. A General Partner's allocation of co-investment opportunities among the persons and in the manner discussed herein may not, and often will not, result in proportional allocations among such persons, and such allocations may be more or less advantageous to some such persons relative to others.

### **ITEM 13: REVIEW OF ACCOUNTS**

- A. Indicate whether you periodically review client accounts or financial plans. If you do, describe the frequency and nature of the review, and the titles of the supervised persons who conduct the review.**

#### Review of Fund Portfolios

All investments are carefully reviewed and approved by a Fund's Investment Committee as described in applicable Governing Fund Documents. The Investment Committee must reach consensus prior to committing Fund capital or exiting a Fund investment. The Adviser's investment professionals actively monitor and review each Fund's investment portfolio on a continuous basis. The investment team includes the Principals and other investment professionals of the Adviser and its affiliated entities. Investments are reviewed in light of each Fund's stated investment objectives and guidelines as set forth in the Offering Documents of each Fund. During the review process, investment professionals analyze existing portfolio company positions to

identify issues early on, take any necessary actions, and monitor portfolio company performance relative to the original investment thesis.

Fund investments are private, illiquid, and long term in nature. Accordingly, the review process is not directed toward a short-term decision to dispose of securities. The Adviser's investment professionals meet regularly to review ongoing monitoring activities and to evaluate potential new platform investments, add-on acquisitions, and exit opportunities. The Valuation Committee, made up of the Principals and the Chief Financial Officer, also meet once per quarter to review and approve quarterly carrying values of each Fund's respective investments.

#### Limited Partner Advisory Board

From time to time, a limited partner advisory board ("Advisory Board") for a Fund may participate in the review process. The Advisory Board is comprised of representatives of the limited partners who are appointed by the General Partner to engage in certain activities as specified in the Offering Documents of each Fund, which may include: (i) review and approve/disapprove potential or actual conflicts of interest; (ii) review annual valuations of investments by the General Partner; (iii) consent on behalf of the limited partners to certain actions requiring their approval under the Advisers Act; and (iv) consider such other matters as may be provided by the partnership agreement or determined by the General Partner to be considered by the Advisory Board. Pursuant to the terms of the Offering Documents, all limited partners are bound by the determinations of the applicable Fund's Advisory Board, regardless of whether a member of the Advisory Board represents a limited partner. For Funds that do not have an Advisory Board, all the limited partners could be engaged in certain activities as specified in the Offering Documents of such Fund, which may include: (i) review and approve/disapprove potential or actual conflicts of interest; (ii) consent on behalf of the limited partners to certain actions requiring their approval under the Advisers Act; and (iii) consider such other matters as may be provided by the partnership agreement or determined by the General Partner to be considered by the limited partners. The majority vote of the limited partners is generally required in the partnership agreements of such Funds. The General Partner retains ultimate responsibility for all decisions relating to the operation and management of the applicable Fund.

A Fund's Advisory Board may not have the same interests as all limited partners. No Advisory Board member owes any fiduciary duties to a Fund or any other partner. Members of the Advisory Board may have various business and other relationships with the Adviser and its members, partners, managers, directors, officers, employees, and affiliates. These relationships may influence their decisions as members of the advisory board. If a limited partner is not represented by a member of the Advisory Board, such limited partner will have no influence over matters submitted to the Advisory Board for review or approval. Furthermore, a Fund's Advisory Board members cannot be expected to be expert in investing, and certain of its determinations may, in fact, adversely affect the performance of a Fund. A Fund will also indemnify members of its Advisory Board for any losses or damages incurred in connection with serving on the Advisory Board so long as such losses or damages did not result from such member's fraud.

**B. If you review client accounts on other than a periodic basis, describe the factors that trigger a review.**

See 13.A. above.

**C. Describe the content and indicate the frequency of regular reports you provide to clients regarding their accounts. State whether these reports are written.**

The Adviser provides periodic financial reports and a summary of investments for Fund investors to monitor their investments. The Adviser distributes written reports to investors as required by the Offering Documents of each Fund. Written reports generally convey to Fund investors: (i) audited financial statements and other information on an annual basis in accordance with generally accepted accounting principles (within 120 days after a Fund's fiscal year end as required by the custody rule or alternatively, within 90 days after a Fund's fiscal year end for certain funds per Offering Document requirements); (ii) unaudited summary financial statements and other information on a quarterly basis; (iii) annual tax information necessary for each partner's U.S. tax returns; and (iv) semi-annual or quarterly descriptive investment information for each portfolio company, per each Fund's Offering Document. Fund investors are also invited to attend an annual meeting during which general information is provided as required by a Fund's Offering Document.

**ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION**

**A. If someone who is not a client provides an economic benefit to you for providing investment advice or other advisory services to your clients, generally describe the arrangement, explain the conflicts of interest, and describe how you address the conflicts of interest. For purposes of this Item, economic benefits include any sales awards or other prizes.**

The Adviser, either directly or indirectly through its affiliates acting as General Partners to a Fund, will receive compensation from certain portfolio companies in connection with consulting services provided to such companies in the ordinary course of business. The Adviser and its affiliate entities may also receive fees and other compensation, such as breakup fees, from transactions not consummated by a Fund in connection with a Fund's proposed investment in such transactions. As described more fully in a Fund's Offering Documents, such fees and other compensation may be shared, in part or in whole, with the limited partner investors through reductions or off-sets against Management Fees that would otherwise be payable by them. See *Item 5 – Fees and Compensation* for more information

**B. If you or a related person directly or indirectly compensates any person who is not your supervised person for client referrals, describe the arrangement and the compensation.**

From time to time, the Adviser may engage an unaffiliated placement agent with respect to the sale of Fund interests. A legal agreement between parties is executed to guide the terms of engagement which include among other requirements that the placement agent abide by federal securities statutes in discharging activities on behalf of the Adviser. In accordance with the terms of the relevant Fund's Offering Documents, any such placement agent fees will ultimately be payable by the Fund, with an equal offset of the Management Fee payable by the relevant Fund to the Adviser, and related expenses incurred pursuant to the relevant placement agent or similar

agreement, including but not limited to placement agent travel, meal and entertainment expenses, typically are borne by the relevant Fund(s). A Fund investor will not bear any additional charges as a result of an introduction through a placement agent or other unaffiliated third party.

Although common, such referral arrangements do create a potential conflict of interest because, in theory, the referrer may be motivated, at least partially, by financial gain and not because a Fund is suitable to meet the prospective investor's needs. To address this potential conflict of interest, all referred investors are carefully screened by the Adviser or its affiliates to ensure that the particular Fund is suitable to the prospective investor's investment needs, objectives and risk tolerance before any subscription is accepted.

#### **ITEM 15: CUSTODY**

**If you have custody of client funds or securities and a qualified custodian sends quarterly, or more frequent, account statements directly to your clients, explain that clients will receive account statements from the broker-dealer, bank or other qualified custodian and that clients should carefully review those statements. If your clients also receive account statements from you, your explanation must include a statement urging clients to compare the account statements they receive from the qualified custodian with those they receive from you.**

Custody occurs when an adviser or related person directly or indirectly holds client funds or securities or has the ability to gain possession of them. The Adviser is deemed to have custody of the assets of the Funds within the meaning of the Advisers Act due to its affiliation with the General Partner of each Fund. The Funds advised by the Adviser are privately offered limited partnerships and are subject to an annual audit by a Public Company Accounting Oversight Board ("PCAOB") registered and inspected independent accounting firm in accordance with Rule 206(4)-2 under the Advisers Act. The audited financial statements of each Fund are prepared in accordance with generally accepted accounting principles ("GAAP") and distributed to Fund investors within 120 days of a Fund's fiscal year end as required by the custody rule or alternatively, within 90 days of a Fund's fiscal year end for certain funds per Offering Document requirements. Investors should review these audited financial statements carefully.

Any alternative investment vehicle formed to facilitate a portfolio investment in a Fund for special tax or regulatory reasons is also subject to an annual audit by a PCAOB registered and inspected independent accounting firm in accordance with the Advisers Act. Upon the final liquidation of a Fund, the Adviser will obtain a final audit and distribute audited financial statements prepared in accordance with GAAP to all investors promptly after completion of the audit.

#### **ITEM 16: INVESTMENT DISCRETION**

**If you accept discretionary authority to manage securities accounts on behalf of clients, disclose this fact and describe any limitations clients may (or customarily do) place on this authority. Describe the procedures you follow before you assume this authority (e.g., execution of a power of attorney).**

As discussed in *Item 4 – Advisory Business*, the Adviser provides investment advisory services to each Fund on a discretionary basis but is subject to the overall supervision of the General Partner of each Fund. The limitations on the Adviser's investment discretion are established through negotiations with the investors in each Fund and/or its General Partner. These limitations, which are negotiated on a case-by-case basis and will vary from time to time, are incorporated into each Fund's Offering Documents, which include the applicable management agreement with the Adviser. In the case of Funds whose investment periods have closed, the Adviser's investment discretion will be limited to certain follow-on investments and the liquidation of existing portfolio company positions.

#### **ITEM 17: VOTING CLIENT SECURITIES**

- A. If you have, or will accept, authority to vote client securities, briefly describe your voting policies and procedures, including those adopted pursuant to SEC Rule 206(4)-6. Describe whether (and, if so, how) your clients can direct your vote in a particular solicitation. Describe how you address conflicts of interest between you and your clients with respect to voting their securities. Describe how clients may obtain information from you about how you voted their securities. Explain to clients that they may obtain a copy of your proxy voting policies and procedures upon request.**

The Funds do not hold registered securities, and therefore RCP does not vote proxies in the traditional sense. Nonetheless, RCP or its affiliate may vote proxies (or similar instruments) for a Fund if required by a Fund's Offering Documents. In accordance with Advisers Act requirements, the Adviser may vote proxies (or similar instruments) for a Fund if required under the management agreement with the General Partner of such Fund. In accordance with Advisers Act requirements, the Adviser has adopted proxy policies to address voting requirements, if any, for Fund portfolio investments. Proxy policies seek to ensure that the Adviser votes proxies in the best interest of a Fund, including when there may be material conflicts of interest in voting proxies.

It is important to note that the Adviser or General Partner will typically name one or more affiliated persons to serve on the board of directors of portfolio companies. As such, a conflict of interest could arise when voting certain common proxies, including board composition, tenure, or compensation.

The Adviser believes its interests are aligned with Fund investors through the General Partner's ownership interests in a Fund and therefore does not generally seek investor approval or direction when voting proxies. If, however, there is or may be a conflict of interest between the General Partner and a Fund in voting proxies, the Adviser may address the conflict using several alternatives, to include seeking counsel of the respective Advisory Board as to the proposed proxy vote or through alternatives set forth in proxy policies.

The Adviser's proxy policies are designed to ensure that any material conflict of interest is identified for a particular proxy vote and the vote is not improperly influenced by the conflict. If you are an investor and would like to obtain a copy of the Adviser's proxy voting policies or additional information about how proxies have been voted, please contact our Chief Compliance Officer, at (240) 482-0612.

- B. If you do not have authority to vote client securities, disclose this fact. Explain whether clients will receive their proxies or other solicitations directly from their custodian or a transfer agent or from you, and discuss whether (and, if so, how) clients can contact you with questions about a particular solicitation.**

See Item 17A. above.

#### **ITEM 18: FINANCIAL INFORMATION**

- A. If you require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, include a balance sheet for your most recent fiscal year.**

The Adviser does not require or solicit prepayment of advisory fees six months or more in advance.

- B. If you have discretionary authority or custody of client funds or securities, or you require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, disclose any financial condition that is reasonably likely to impair your ability to meet contractual commitments to clients.**

The Adviser has no financial condition that impairs its ability to meet contractual and fiduciary commitments to the Funds or investors.

- C. If you have been the subject of a bankruptcy petition at any time during the past ten years, disclose this fact, the date the petition was first brought, and the current status.**

The Adviser has not been the subject of a bankruptcy or insolvency proceeding.

#### **ITEM 19: REQUIREMENTS FOR STATE-REGISTERED ADVISERS**

N/A