

**Item 1.      Cover Page**

**DISCLOSURE BROCHURE**

(FORM ADV, PART 2A)

**ArmaVir Partners LLC  
File No. 801-113007  
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<https://www.armavirpartners.com/>**

**March 30, 2020**

**This brochure provides information about the qualifications and business practices of ArmaVir Partners LLC. If you have any questions about the contents of this brochure, please contact us at [cgioia@armavirpartners.com](mailto:cgioia@armavirpartners.com) or 646-562-1151. 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. Registration does not imply a certain level of skill or training.**

**Additional information about ArmaVir Partners LLC is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Please retain a copy of this brochure for your records.**

**Item 2.      Material Changes**

Andrew Theodore Holt ceased to be a partner of ArmaVir Partners LLC (the “Adviser”) on August 31, 2019.

The Adviser commenced providing discretionary investment management services in 2019.

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#### **Item 4. Advisory Business**

ArmaVir Partners LLC (the “Adviser”) is a Delaware limited liability company formed in March 2018. The Adviser is owned by Lee Chaikin, Jeffrey Libshutz and Christopher Gioia. Lee Chaikin and Jeffrey Libshutz are the managing members of the Adviser (the “Principals”). The Principals are responsible for day to day operations of the Adviser and make all investment recommendations to Clients (as defined below).

The Adviser currently provides non-discretionary investment management services on a sub-advisory basis as well as discretionary investment management services to private investment vehicles that are offered to investors on a private placement basis (each a “Fund” and collectively, the “Funds”). In the future the Adviser may provide discretionary investment advice to separately managed accounts, which may be in the form of a fund-of-one or brokerage account (each a “Managed Account” and collectively, the “Managed Accounts”). As used herein, the term “Client” generally refers to each Fund and each beneficial owner of a Managed Account.

This brochure generally includes information about the Adviser and its relationship with its Clients and where applicable, it’s prospective Clients. While much of this brochure will apply to all of the Adviser’s Clients, certain information included herein may only apply to specific Clients. This brochure does not constitute an offer to sell or solicitation of an offer to buy any securities.

The descriptions set forth in this brochure of specific advisory services that the Adviser offers to its Clients and the investment strategies that it pursues on behalf of its Clients should not be understood to limit in any way the Adviser’s investment activities. The Adviser may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this brochure, that the Adviser considers appropriate, subject to each Client’s investment objectives and guidelines. The investment strategies the Adviser pursues are speculative and entail substantial risks. Clients should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any Client will be achieved.

The Adviser’s investment decisions and advice with respect to its Clients are subject to each Client’s investment objectives and guidelines, as set forth in their respective offering documents/investment management agreement, as applicable. As of the date of this brochure, the Adviser is providing non-discretionary and discretionary advice to its Clients.

The Adviser does not participate in wrap fee programs.

#### **Item 5. Fees and Compensation**

The fees applicable to each Client are set forth in detail in their respective offering document or advisory or sub-advisory agreement, as applicable. The Adviser’s Clients pay it a fee for investment management services (the “Management Fee”) and certain Clients may also pay performance-based fees or profit allocations (“Performance Compensation”).

Certain Clients may pay a Management Fee for investment advisory services, calculated during the Client’s investment period as a percentage of committed capital ranging from approximately 0.50% to 1.5% and following the expiration of such investment period as a percentage of such Fund’s invested capital. In addition, certain Clients, depending on their performance, may pay Performance Compensation that is a percentage of the realized net profits otherwise distributable to a Client or an investor in a Fund. Such Performance Compensation is described in more detail in Item 6 below. With respect to the

Adviser's current Clients, the Adviser is charging both fixed management fees (not based on assets under management) and management fees based on a percentage of assets under management.

For the avoidance of doubt, the Adviser, in its sole discretion, may waive, reduce or rebate any Management Fee or Performance Compensation or calculate such fees differently with respect to any class, sub-class or series of shares or limited partnership or limited liability company interests of any Fund held by or on behalf of any investor, including, without limitation, any employee, agent or affiliate of the Adviser. In addition, Management Fees and/or Performance Compensation may also be calculated differently with respect to, or may not be charged to, certain Managed Accounts including affiliate-owned Managed Accounts, if any.

[Certain Clients pay advisory fees on a quarterly basis in advance as described in the relevant Client's offering materials. Performance Compensation will be charged in compliance with all applicable requirements of Rule 205-3 under the Investment Advisers Act of 1940, as amended (the "Advisers Act").

As noted above, full details regarding the services, fees, investor suitability standards, and other terms applicable to Clients will be included in their respective advisory or sub-advisory agreement and/or offering materials, as applicable. Performance Compensation may vary with each Fund or Managed Account and will be described in detail in each Fund's offering materials or each Managed Account's advisory or sub-advisory agreement.

Each Client is responsible for expenses related to its respective operations and activities, including expenses associated with its investment portfolio and, if applicable, its proportionate share of the direct expenses of the third party investment products in which it invests. The direct expenses incurred by each Client, which are outlined in detail in their respective advisory or sub-advisory agreement and/or offering materials, as applicable, may vary depending on the nature of the operations and activities of the Client.

Below is a summary of direct expenses typically borne by each type of Client. The summary is not meant to be a complete list of all direct expenses; nor should it be inferred that each expense appearing in the summary will be incurred by every Client. Clients are advised to read the relevant advisory or sub-advisory agreement and/or offering materials, as applicable, for a complete description of applicable direct expenses.

Generally, expenses related to operations and activities include, but are not limited to, the following: organizational and offering expenses (with respect to Funds and any Managed Accounts formed as a "fund-of-one"), fees payable to the Adviser, third-party administrator and other investment expenses (e.g., expenses that the Adviser reasonably determines to be related to the investment of the Client's assets, such as brokerage commissions, expenses relating to short sales, clearing and settlement charges, custodial fees, premiums paid for options, swaptions, and other derivative instruments, bank service fees and interest expenses); operational expenses; expenses incurred with respect to due diligence; investment-related travel expenses; the cost of computer hardware and software to the extent used for research relating to the Client's investments; legal and compliance expenses (including, without limitation, the fees and expenses of attorneys and compliance professionals retained by the Adviser on behalf of the Client as well as the cost of salary and other compensation payable to one or more attorneys or compliance professionals who are employees of the Adviser or one or more of its affiliates, but only to the extent that such cost is attributable to work performed for the benefit of the Client); professional fees (including, without limitation, expenses of consultants and experts) relating to investments; accounting expenses (including the cost of accounting software packages); auditing and tax preparation expenses (whether provided by the employees of the Adviser or another party); costs of printing and mailing reports and notices; taxes; corporate licensing; regulatory expenses (including, whether reported directly by the Client or the Adviser, the costs and expenses related to a Client's U.S. and/or non-U.S. registration, regulatory

and self-regulatory filings, reporting, registrations and memberships, and compliance including without limitation the costs of compliance reporting programs, third-party compliance consultants including the costs and expenses associated with complying with the requirements of any new or additional regulatory regime); insurance expenses; expenses incurred in connection with the offering and sale of the interest and other similar expenses related to the Client; and extraordinary expenses incurred by or relating to the Client or its activities and assets.

The Principals or other employees of the Adviser serve on the boards of directors or other governing bodies of companies in which Clients have invested, and, in some cases, receive customary fees for serving in such roles. Such director fees may be applied to reduce the management fee otherwise payable by the applicable Client, as required by the applicable advisory or sub-advisory agreement. Periodically, the Adviser's employees provide services to underlying portfolio companies. In situations where an employee serves a portfolio company and such services involve significant percentages of his/her time, the portfolio company will either directly pay or be charged the allocable portion of the costs of the employee's salary and benefits, (which does not generally offset management fees paid by the Clients). Similarly, when an employee of the Adviser serves as a bona fide officer of a portfolio company (in a non-director capacity), such employee may receive stock options, equity grants, or other compensation paid by the portfolio company, and such grants and/or compensation will not offset the management fees payable by the Clients. Underlying portfolio companies may reimburse the Adviser for out-of-pocket expenses incurred by the Adviser or its employees that relate to the business of the portfolio company.

Moreover, the Adviser and its personnel can be expected to receive certain intangible and/or other benefits and/or perquisites arising or resulting from their activities on behalf of Clients that will not be subject to the management fee offset or otherwise shared with Clients, their investors, and/or the investments. For example, airline travel or hotel stays incurred as Client expenses typically may result in "miles" or "points" or credit in loyalty/status programs, and such benefits and/or amounts will, whether or not de minimis or difficult to value, inure exclusively to the Adviser and/or such personnel (and not the Clients, their investors, and/or the investments), even though the cost of the underlying service is borne by the Clients and/or underlying portfolio companies.

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

The Adviser accepts Performance Compensation from certain Clients. However, it should be noted that Performance Compensation may not be accepted from all Clients. As described above in Item 5, the Adviser charges certain Clients Performance Compensation in addition to Management Fees which are also described in Item 5 above. Full details regarding the services, fees, investor suitability standards, and other terms applicable to the Client are included in their respective advisory or sub-advisory agreement and/or offering materials, as applicable. Performance Compensation is only charged in compliance with all applicable requirements of Rule 205-3 under the Advisers Act and the Adviser only accepts Performance Compensation from qualified clients.

The variation of performance-based compensation structures among the Adviser's Clients may create an incentive for the Adviser to direct the best investment ideas to, or to allocate or sequence trades in favor of Clients that have performance-based compensation obligations rather than other Clients with lower or no performance-based compensation structure. The risk associated with this incentive may be mitigated to some extent by the provisions of a Client's offering documents requiring the Adviser or its affiliates to return excess performance-based compensation (i.e., clawback provisions). The Adviser is committed to allocating investment opportunities on a fair and equitable basis and has established policies and procedures to address the conflict of interest described above.

## **Item 7.      Types of Clients**

As described above in Item 4, the Adviser's Clients include Funds. In the future the Adviser's Clients may include Managed Accounts. The Adviser advises both U.S. and non-U.S. Clients and provides its services to Clients on a non-discretionary basis and on a discretionary basis. The Adviser also advises Funds in a sub-advisory capacity. With respect to certain of the Adviser's Clients, the Adviser provides non-discretionary advice with respect to only a portion of such Client's assets.

To help the U.S. Government fight the funding of terrorism and money laundering activities, the Adviser seeks to obtain, verify, and record information that identifies each investor who invests in a Fund and/or Managed Account (including a Managed Account formed as a fund-of-one) advised by the Adviser. In this regard, when an investor seeks to open an account or invest in a Fund, the Adviser will ask for a completed Form W-8/W-9, as applicable, which includes the name, address, Tax ID/Employer ID number (or any other registration number issued in the jurisdiction of location or incorporation) and other reasonably required information that will allow the Adviser to identify the investor. The Adviser will ask for information and documentation regarding source of funds to be invested. The Adviser also reserves the right to ask for more information regarding the individuals who are beneficial owners of the investor and/or exercise control over the investor. The Adviser will ask for the names of such beneficial owners and will also ask for address, date of birth, and other information that will allow the Adviser to identify such beneficial owners. The Adviser may also request such other information as may be necessary to comply with applicable law. Furthermore, the Adviser will verify any of the aforementioned information using third-party sources and will share that information as required by applicable law or in connection with the execution of trades on behalf of that investor. For certain investors, the Adviser may rely on the investor's broker-dealer, administrator, transfer agent, custodian or placement agent to obtain, verify and record the required information.

Managed Accounts formed as a "fund-of-one" and Funds advised by the Adviser may be organized as domestic or offshore (non-U.S.) companies, limited partnerships, limited liability companies, corporate trusts or other legal entities, as determined appropriate by the Adviser.

As a general matter, each Client will be managed in accordance with its investment objectives, strategies and guidelines and, unless the Client is a Managed Account, investment advisory services are not tailored to the individualized needs of any particular investor. In addition, an investment in a Fund does not, in and of itself, create an advisory relationship between the investor and the Adviser. Therefore, investors need to consider whether such an investment meets their investment objectives and risk tolerance prior to investing. Information about a Client, including its investment risk, will be available in its investment management agreement and/or offering materials, as applicable. While this brochure may be provided to, and include information relevant to investors, this brochure is designed solely to provide information about the Adviser and should not be considered to be an offer of interests in any Client.

The Funds are exempt from the registration requirements under the Investment Company Act of 1940 pursuant to Section 3(c)(1) or Section 3(c)(7) thereof. As noted above in Item 6, the Adviser intends to collect Performance Compensation. Investors or Clients that bear Performance Compensation will be required to certify that they are "qualified clients" within the meaning of Rule 205-3 under the Advisers Act. Please see the Client's advisory or sub-advisory agreement and/or offering materials, as applicable, for specific eligibility requirements.

The Adviser may invest in and/or serve as general partner or managing member, or on the board of directors or advisory board, of a Client. For its Managed Accounts, the Adviser will determine the minimum investment on a case by case basis. With respect to Funds, the minimum investment is expected to be \$100,000; provided that in each case the Adviser may accept lesser amounts in its discretion.

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

The descriptions provided herein regarding the investment strategies the Adviser pursues on behalf of its Clients should not be understood to limit in any way the Adviser's investment activities. The Adviser may offer any advisory services, engage in any investment strategy and make any investment, including any not described herein, that the Adviser considers appropriate, subject to each Client's investment objectives and guidelines. The investment strategies the Adviser intends to pursue are speculative and entail substantial risks. Clients should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any Client will be achieved.

**Methods of Analysis and Investment Strategies**

The Adviser may engage in one or more of a number of strategies with respect to its Clients, including but not limited to investments in equity or equity-linked securities of private companies. The Adviser (or affiliated general partner, as applicable) seeks primarily to make private equity investments.

The foregoing is only an attempt to summarize the strategies and securities/instruments that may be utilized on behalf of the Adviser's Clients. As the market environment continues to change, the Adviser may engage in techniques and purchase instruments that are not even mentioned in a Client's offering materials and/or investment management agreement (as applicable) if the Adviser, in its discretion, finds the new activity or instrument appropriate for the Client. The Adviser may obtain advice from attorneys, accountants and other experts to assist in its analysis of various asset classes that it trades.

PAST PERFORMANCE RESULTS ARE NOT INDICATIVE OF FUTURE PERFORMANCE. NO ASSURANCE CAN BE MADE THAT PROFITS WILL BE ACHIEVED OR THAT SUBSTANTIAL LOSSES WILL NOT BE INCURRED.

The risks discussed below are those that Clients may be exposed to directly or indirectly. Certain risks apply specifically to particular investment strategies or investments in different types of securities or other investments that a Client (and its investors/beneficial owners) should be prepared to bear. The Adviser's risk management approach seeks to isolate and mitigate, not eliminate, risk and there may be certain risks that the Adviser determines should not or cannot be hedged against. Accordingly, the Adviser's activities could result in substantial losses under certain circumstances. The risks involved will vary based on each respective investment strategy and the type of securities or other investments held in a Client's account.

**CERTAIN RISK FACTORS**

*The following risk factors and conflicts of interest do not purport to be a complete list or explanation of all the risks and conflicts of interest associated with the strategy the Adviser pursues on behalf of its Clients, the Adviser's method of analysis or types of investment instruments potentially utilized; nor should it be inferred that each risk factor and conflict of interest appearing below will be faced by every Client. Clients are advised to read the relevant investment management agreement and/or offering document, as applicable, for a more complete description of applicable risks.*

**Dependence on the Principals.** Investors must rely upon the ability of the Adviser and the Adviser's investment professionals in identifying and implementing investments consistent with each Client's investment objective and policies. A Client's investment performance depends largely on the skill of the Principals. If either or both Principals were to leave the Adviser, the Adviser might not be able to find equally desirable replacements, and the performance of a Client could, as a result, be adversely affected.



Investment Risks. An investment in a Fund or Managed Account involves a high degree of investment risk, including the risk that the entire amount invested may be lost. A Client will invest in securities using strategies and financial techniques with significant risk characteristics. No guarantee is made that the investment objectives will be realized. There is no guarantee that a Client will be able to control investment risks or that the risks will not aggregate in a manner adverse to a Client.

Lack of Liquidity. The investments recommended by the Adviser are generally private, illiquid holdings. As such, there are no public markets for such investments and no readily available liquidity mechanism at any particular time for any of the investments recommended by the Adviser. In addition, the realization of value from any investments will not generally be possible or known with any certainty until a Client either sells its investment.

Lack of Diversification. The Fund generally invests in a limited number of companies, sectors or regions. Concentration in a single sector or region may involve risks greater than those generally associated with diversified acquisition funds, including significant fluctuations in returns.

Highly Competitive Market for Investment Opportunities. The activity of identifying, completing and realizing attractive investments that fall within a Client's investment objective is highly competitive and involves a high degree of uncertainty. The availability of investment opportunities generally is subject to market conditions. The Adviser may be unable to find a sufficient number of attractive opportunities to meet a Client's investment objectives. It is possible that competition for appropriate investment opportunities will increase, which may reduce the number of investment opportunities available to a Client and adversely affect the terms upon which investments can be made. Moreover, a Client may incur due diligence or other costs on investments which may not be successful. As a result, a Client may not recover all of its costs, which would adversely affect returns. There can be no assurance that the Adviser will be able to locate, complete and exit investments which satisfy a Client's investment objective, or realize upon their values, or that it will be able to invest fully its committed capital.

Convertible Securities. A Client may invest in convertible securities, which are debt securities or preferred equity securities that are exchangeable for other debt or equity securities of the issuer at a predetermined price. Convertible securities entitle the holder to receive interest payments paid on corporate debt securities or the dividend preference on preferred equity securities until such time as the convertible security matures or is redeemed or until the holder elects to exercise the conversion privilege. As a result of the conversion feature, convertible securities typically offer lower interest rates than if the securities were not convertible. It is possible that the potential for appreciation on convertible securities may be less than that of a common stock equivalent. Convertible securities may or may not be rated within the four highest categories by Standard & Poor's Ratings Group and Moody's Investor Service and, if not so rated, would not be investment grade. To the extent that convertible securities are rated lower than investment grade or not rated, there would be greater risk as to timely repayment of the principal of, and timely payment of interest or dividends on, those securities. Also, in the absence of adequate anti-dilution provisions in a convertible security, dilution in the value of a Client's holding may occur in the event the underlying stock is subdivided, additional securities

Investment in Small Companies. There is generally no limitation on the size or operating experience of the companies in which a Client may invest. Some small companies in which a Client may invest may lack management depth or the ability to generate internally or obtain externally the funds necessary for growth. Companies with new products or services could sustain significant losses if projected markets do not materialize. Further, such companies may have, or may develop, only a regional market for products or services and may be adversely affected by purely local events. Such companies may be small actors in

their industries and may face intense competition from larger companies and entail a greater risk than investment in larger companies.

Early or Growth-Stage Companies: Investments in early-stage growth companies are subject to a variety of risks, including that such companies may (i) have a relatively short operating history, (ii) have a volatile financial history, (iii) offer services or products that are not yet ready to be marketed, (iv) be operating at a loss or have significant fluctuations in operating results, (v) be engaged in rapidly changing business environments, or (vi) need substantial additional capital to set up internal infrastructure, hire management and personnel, support expansion, or achieve or maintain a competitive position. Such companies may have a greater variability of returns and a higher risk of failure than more established companies. Such companies also may face intense competition, including competition from companies with greater financial resources; more extensive development, manufacturing, marketing and service capabilities; and a larger number of qualified managerial and technical personnel. To the extent there is any public market for securities of such companies, such securities may be subject to more abrupt and erratic market price movements than the securities of larger, more established companies. Less established companies tend to have lower capitalizations and fewer resources and, therefore, are often more vulnerable to financial failure. Such companies may also have shorter operating histories by which to judge future performance and in many cases, if operating, will have negative cash flow. Investments in such companies should be considered highly speculative and may result in a loss of the entire investment therein. In addition, less mature companies could be deemed to be more susceptible to irregular accounting or other fraudulent practices, risking a partial or total loss of capital invested in such a company in the event of fraud. The foregoing factors may also increase the difficulty of valuing investments in early-stage growth companies.

Geographic Concentration. The Adviser expects that the primary geographic focus of a Client's investments will be in the United States and Western Europe, although the Adviser may also pursue international investments (subject to any limitations in the applicable offering document/investment management agreement and relevant jurisdictions). There will generally be no limitation on the level of geographic concentration of investments. Targeting a specific geographical area could hurt a Client's performance or cause such performance to be more volatile than a more geographically diversified Client.

Investment in Non-U.S. Securities. The Adviser may cause a Client to invest from time to time in non-U.S. securities. Such investments may be subject to a greater risk than U.S. investments due to non-U.S. economic, political and legal developments, including favorable or unfavorable changes in currency exchange rates, exchange control regulations (including currency blockage), expropriation of assets or nationalization, imposition of taxes on dividends, interest payments, or capital gains, the need for approval by government or other authorities to make investments, and possible difficulty in obtaining and enforcing judgments against non-U.S. entities and other factors beyond the control of the Adviser. Furthermore, issuers of non-U.S. securities are subject to different, often less comprehensive accounting, reporting or disclosure requirements than U.S. issuers. The securities markets of some countries in which a Client may invest have substantially less volume than those in the United States, and securities of certain companies in these countries are less liquid and more volatile than securities of comparable U.S. companies. Accordingly, these markets may be subject to greater influence by adverse events generally affecting the market, and by large investors trading significant blocks of securities, than is usual in the United States. Brokerage commissions and other transaction costs on securities exchanges in non-U.S. countries are generally higher than in the United States. Non-U.S. securities settlements may in some instances be subject to delays and related administrative uncertainties. In some countries, there are restrictions on investments or investors such that the only practicable way for a Client to invest in such markets is by entering into swaps or other derivative transactions with a prime broker or other intermediaries or counterparties. Such transactions involve counterparty risks that are not present in the case of direct investments and that the Adviser may not be able to control. Investments in companies with

significant operations in emerging markets will be subject to all of the risks detailed above, as well as to various other risks that cannot currently be predicted with precision. Additionally, owing to the less developed political systems and markets often in place in emerging markets, the risks described above may be more pronounced with respect to a Client's investment in emerging markets than with respect to investments in other international markets. For example, any such investments may be subject to a greater risk of expropriation, confiscatory taxation, nationalization, or political, economic or social instability than present in more developed markets. In comparison to securities markets in more developed countries, securities markets in developing countries may be substantially less liquid, and may have greater volatility, greater fluctuations in the rate of exchange between currencies, and greater costs associated with currency conversions. Any of these factors could cause the Adviser not to pursue certain investments or to alter certain activities or liquidate certain investments prior to or after the time when the Adviser would otherwise prefer to liquidate such investments, and such factors may cause losses or have other negative impacts on a Client or its investments.

Currency Exchange Risk. Non-U.S. investments may be denominated in, or linked to, currencies other than the U.S. dollar. Currency exchange rates can be volatile and affected by, among other factors, the general economics of a country, the actions of governments or central banks and the imposition of currency controls and speculation. A Client may be affected favorably or unfavorably by exchange control regulations or changes in the exchange rate between such currencies and the U.S. dollar. A change in the value of a non- U.S. currency relative to the U.S. dollar will result in a corresponding change in the U.S. dollar value of the Client's assets denominated in that non-U.S. currency. The Adviser may enter into transactions (including currency swaps, forward currency exchange contracts, currency futures, and options on currencies and futures) to hedge against currency exchange risk, but the Adviser is not obligated to do so. Additionally, suitable hedging transactions may not be available in all circumstances, or such transactions may not be successful and may eliminate any chance for a Client to benefit from favorable fluctuations in relevant currencies.

Lack of Control in Minority Investments. Certain of the investments recommended by the Adviser represent minority positions, without power individually to exert significant control over the board of directors and management of such portfolio companies. In such circumstances, a Client relies significantly on the existing management and board of directors of the portfolio companies, which includes representatives of other investors with whom the Adviser and the Client are not affiliated and whose interests or views may conflict with the interests of the Client.

Market Disruption and Geopolitical Risk. A Client is subject to the risk that war, terrorism, and related geopolitical events may lead to increased short-term market volatility and have adverse long-term effects on the U.S. and world economies and markets generally, as well as adverse effects on issuers of securities and the value of a Client's investments. Those events, as well as other changes in U.S. and non-U.S. economic and political conditions, also could adversely affect individual issuers or related groups of issuers, securities markets, interest rates, credit ratings, inflation, investor sentiment and other factors affecting the value of a Client's investments. At such times, a Client's exposure to a number of other risks described elsewhere in this section can increase.

Valuations; Use of Estimates. Certain securities in which a Client invests may not have a readily ascertainable market price. Such securities will nevertheless generally be valued by the Adviser, which valuation will be conclusive with respect to the Client, even though the Adviser may face a conflict of interest in valuing such securities because the value thereof will affect their compensation. The Adviser may also have no ability to assess the accuracy of valuations received from an underlying private investment fund in which it invests. Valuation information received from the investment advisor of a private investment fund typically will be estimates only, subject to revision of its annual audit. In addition, the Adviser will have the ability to adjust estimated values provided to it by underlying investment

advisers subject to the valuation guidelines set forth in the Client's investment management agreement and/or offering documents, as applicable.

Cash and Other Investments. The Advisor may cause the Client to invest all or a portion of its assets in cash or cash items, in whole or in part, for investment purposes, pending other investments or as provision of margin for futures or forward contracts. These cash items are generally of high quality at the time of investment and may include a number of money market instruments such as negotiable or non-negotiable securities issued by or short-term deposits with the U.S. and non-U.S. governments and agencies or instrumentalities thereof, bankers' acceptances, high quality commercial paper, repurchase agreements, bank certificates of deposit and short-term debt securities of U.S. or non-U.S. issuers deemed to be creditworthy by the Adviser. While these investments generally involve relatively low risk levels, they may produce lower than expected returns and could result in losses.

Fundamental Analysis. The strategy pursued by the Adviser on behalf of its Clients may require the use of fundamental analysis. Fundamental analysis is premised on the assumption that markets are not perfectly efficient, that informational advantages and mis-pricings do occur and that econometric analysis can identify trading opportunities. Fundamental factors include inflation, trade balances, inventories and interest rates, all factors extrinsic to the market. Fundamental analysis may incur substantial losses if such economic factors are not correctly analyzed, not all relevant factors are identified and/or market forces cause mis-pricings to continue despite the traders having correctly identified such mis-pricings. Fundamental analysis may also be more subject to human error and emotional factors than technical analysis.

### **Conflicts of Interest**

The Adviser and its affiliates expect to advise multiple Clients whose accounts may purchase or sell the same securities. The Adviser and its affiliates are not under any obligation to share any investment opportunity, idea or strategy with any particular Client. As a result, other Clients of the Adviser or its affiliates may compete with one another for appropriate investment opportunities. The Adviser may make recommendations to and take actions on behalf of certain Clients, which may be the same as or different from those made or taken on behalf of another Client. The Adviser may from time to time acquire positions in or transact in securities and other investments on behalf of a Client which may differ from or be inconsistent with the advice given, or the timing or nature of the Adviser's action or actions with respect to another Client. The Adviser's investment allocations are designed to provide a fair allocation of purchases and sales of securities among the various Clients managed by the Adviser, while preserving incentives for the Adviser to find new investment opportunities, and to ensure compliance with appropriate regulatory requirements.

The Adviser and its affiliates also have the ability to trade in financial instruments for their own accounts. This may on occasion create conflicts of interest with regard to such matters as allocation of opportunities to participate in particular investments or to dispose of certain investments. In addition, if as a result of the aggregation requirements set forth under the law, applicable position limits were exceeded, the Adviser, or its respective affiliates could have a conflict of interest in determining which positions to liquidate.

By reason of the investment advisory and other activities of its affiliates, the Adviser may acquire confidential information or otherwise be restricted from initiating transactions in certain securities. It is acknowledged and agreed that, except as required by the applicable law, the Adviser may not be free to divulge, or to act upon, any such confidential information and that, due to such a restriction, the Adviser may not initiate certain transactions the Adviser otherwise might have initiated. It is further acknowledged

and agreed that the Adviser shall, for itself and on behalf of its Clients, disclose such information to governmental and regulatory authorities as may be required by law.

From time to time, the Adviser may permit certain Fund investors to acquire interests on different terms than other investors (including, without limitation, with respect to minimum investment amounts, fees, expanded reporting and withdrawal terms). The Adviser is not required to notify any or all of the other investors of any such terms, nor is the Fund or the Adviser required to offer such additional and/or different rights and/or terms to any or all of the other investors.

***Please refer to the relevant Client offering documents and/or the advisory or sub-advisory agreement, as applicable for a more detailed discussion of risk factors and conflicts of interest.***

**Item 9. Disciplinary Information**

There are no legal or disciplinary events that are material to a Client's or prospective Client's evaluation of the Adviser's advisory business or the integrity of the Adviser's management.

**Item 10. Other Financial Industry Activities and Affiliations**

The Adviser is not currently affiliated with any U.S. registered broker-dealers, investment advisors registered with the SEC or any state or with any commodity pool operators or commodity trading advisors registered with the Commodities Futures Trading Commission.

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

The Adviser has adopted a Code of Ethics that is applicable to all of its access persons, supervised persons and employees (for purposes of this section of the brochure, references to "employees" include access persons and supervised persons). The Code of Ethics reflects the Adviser's belief in the absolute necessity to conduct all business, make all decisions and carry on all personal activities at the highest ethical and professional levels.

All persons that are covered by the Code of Ethics must avoid activities, interests and relationships that may interfere or appear to interfere with making decisions in the best interests of Clients. More specifically, the Code of Ethics seeks to place the interests of Clients over the interests of any employee; imposes standards of business conduct for all of the Adviser's employees; requires employees to comply with the federal securities laws; regulates employee personal securities transactions, including requiring all covered persons to obtain pre-approval before investing in hedge fund or private placement investments; and requires reporting and review of personal securities transactions.

The Adviser will provide a copy of the Code of Ethics to any Client or prospective Client (including Fund investors) upon request.

The Adviser may cause the Clients to purchase securities and other instruments that are also being purchased by the Adviser, the Adviser's affiliates or their respective employees for their own accounts. The Adviser in all cases purchases securities and other instruments for the Clients on terms at least as favorable as the terms on which the same securities or instruments are purchased for the account of the Adviser, proprietary accounts of its members or the personal accounts of the Adviser's employees to the extent that such securities or instruments are purchased at approximately the same time and in the same direction as the Client. If this procedure results in the employees of the Adviser or the proprietary accounts of its members acquiring securities or other instruments on more favorable terms than the Clients, such employees or members will reimburse the Clients, respectively, so that such inequity is corrected. The

Adviser reserves the right, in its sole discretion, to not require such reimbursement if it determines the benefit to the Client would be outweighed by the administrative costs associated with processing the reimbursement.

When it is determined that it would be appropriate for one or more Clients to participate in an investment opportunity, the Adviser will seek to execute orders for all of the participating investment accounts on an equitable basis, taking into account such factors as the investment objectives of the participating investment accounts, the availability of leverage, the relative amounts of capital available for new investments, relative exposure to market trends, transaction costs, the portfolio positions of the participating investment accounts, the eligibility of the particular Client, and the other investment accounts under applicable law to make the investment in question and the manner in which the investment is likely to affect the amount of available capital after the investment is made.

Notwithstanding the foregoing, the Adviser is not obligated to allocate to a Client all potential transactions for which it might be eligible pursuant to its investment guidelines and procedures. Depending on the circumstances, the Adviser may allocate certain transactions on a disproportionate basis among its Clients and/or may allocate all of certain other transactions to other Clients, including funds in which one or more of the principals or employees of the Adviser or its affiliates may have an interest. In addition, varying compensation arrangements among the Clients could incentivize the Adviser to allocate investment opportunities to certain Clients over others, or to otherwise manage the Clients differently.

The Adviser may enter into side letter arrangements with one or more investors in certain Funds, providing such investors with different or preferential rights or terms, including but not limited to (i) different or preferential fee structures; (ii) other preferential economic rights, (iii) information and reporting rights; (iv) excuse or exclusion rights; (v) waiver of certain confidentiality provisions; (vi) co-investment rights; (vii) liquidity or transfer rights; and (viii) certain rights or terms necessary in light of particular legal, regulatory or policy requirements of a particular investor.

#### **Item 12. Brokerage Practices**

In the event that the Adviser chooses to use a broker/dealer for limited purposes, the Adviser will seek to obtain best execution, taking into account the following factors: (i) the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any); (ii) the operational efficiency with which transactions are effected (such as prompt and accurate confirmation and delivery), taking into account the size of order and difficulty of execution; (iii) the financial strength, integrity, and stability of the broker/dealer; and (iv) the competitiveness of commission rates in comparison with other broker/dealers satisfying the Adviser's other selection criteria.

#### **Item 13. Review of Accounts**

The Clients' portfolio companies are reviewed on a continuous basis by the Adviser's investment professionals. Particular attention is given to changes in company fundamentals, company management, industry outlook and market outlook.

With the exception of the sub-advised Funds, the Adviser anticipates sending Clients quarterly reports documenting the performance of the Client's portfolio. The Adviser may provide certain Fund investors with information on a more frequent and detailed basis if agreed to by the Adviser. In addition, when required by law or otherwise agreed to by contract, the Adviser will issue Client audited financial statements within the legally required time period following of the end of such Client's fiscal year.

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

The Adviser will not receive economic benefits from non-Clients for providing investment advice and other advisory services. The Adviser or its affiliates may enter into placement agreements with certain placement agents (“Placement Agents”), pursuant to which the Placement Agents will agree to introduce potential investors to the Clients. The Placement Agents may receive compensation for such services from the Adviser or its affiliates.

**Item 15.      Custody**

The Adviser has “custody” of assets of the Funds for which it provides discretionary advisory services (within the meaning of Rule 206(4)-2 under the Advisers Act (the “Custody Rule”) because the Adviser serves as the general partner or similar capacity to such Funds.

The Adviser complies with the Custody Rule via the “Pooled Vehicle Annual Audit Exception”, which, among other things, requires that each Fund for which the Adviser has “custody” of the Fund’s assets be subject to audit at least annually by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and will require each Fund to distribute its audited financial statements to all investors within 120 days of the end of its fiscal year.

**Item 16.      Investment Discretion**

The Adviser provides both non-discretionary sub-advisory services and discretionary advisory services to its existing Clients. The Adviser’s investment decisions and advice with respect to each Client will be subject to each Client’s investment objectives and guidelines, as set forth in its offering documents and/or advisory or sub-advisory agreement, as applicable.

**Item 17.      Voting Client Securities**

Where the Adviser exercises voting authority over the proxy voting activities of a Client, the Adviser will vote Client proxies in a way that it believes will maximize shareholder value, which may include a decision not to vote. Consideration will be given to both the short- and long-term implications of the proposal to be voted on when considering the optimal vote. If a material conflict of interest between the Adviser and its Clients with respect to voting proxies is deemed to exist, the Adviser’s chief compliance officer and the Principals in conjunction with the Chief Compliance Officer will determine how to vote the proxy in the best interests of the applicable Clients. The Adviser will make information regarding how proxies were voted and/or provide a copy of its voting policies and procedures to Clients upon request.

**Item 18.      Financial Information**

The Adviser is not required to include a balance sheet, is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to Clients, and has not been the subject of a bankruptcy petition at any time during the past ten years.