

Item 1. Cover Page

Pamlico Capital Management, LP

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www.pamlicocapital.com

March 27, 2020

Part 2A of Form ADV: Firm Brochure

This brochure provides information about the qualifications and business practices of Pamlico Capital Management, LP. If you have any questions about the contents of this brochure, please contact us at 704-414-7150. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about Pamlico Capital Management, LP is also available on the SEC’s website at www.adviserinfo.sec.gov. An investment adviser’s registration with the SEC does not imply a certain level of skill or training.

Item 2. Material Changes

There are no material changes to report since the filing of our last brochure.

Item 3. Table of Contents

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Item 4. Advisory Business

Pamlico Capital Management, LP (“Pamlico Capital” or the “Firm”) was formed in March 2010 to provide investment advisory services to private investment funds. The Firm is 99% owned by six of its most senior investment professionals, Frederick W. Eubank II, L. Watts Hamrick III, Scott B. Perper, Arthur C. Roselle, Walker C. Simmons, and Scott R. Stevens. The remaining 1% of the Firm is owned by its general partner, Pamlico Holdings, Inc., which is entirely owned by the same six individuals.

The funds we advise (“Pamlico Funds” or “Funds”) are privately offered pooled investment vehicles, each of which has as its investors a limited number of sophisticated institutional or otherwise highly sophisticated investors. The Funds’ primary investment focus is control and significant minority investments in lower middle market companies, with a particular focus on the healthcare, communications, and business and technology services industries. The advisory services we provide to the Funds include identifying and screening potential investments, determining strategies for the management and disposition of investments, executing acquisitions and dispositions of investments, monitoring the performance of portfolio companies, and managing investor relations and reporting.

Pamlico Capital tailors its investment advice to each of its clients. In the case of the Funds, which are currently our only clients, our services are tailored to each Fund’s investment strategy and to certain investment limitations, all of which are set forth in the governing and offering documents provided to and negotiated with investors in each Fund.

As of December 31, 2019, Pamlico Capital managed \$1,835,091,736 of client assets on a discretionary basis and did not manage any client assets on a non-discretionary basis. Pamlico Capital does not participate in wrap fee programs.

Item 5. Fees and Compensation

Each of the Pamlico Funds pays Pamlico Capital a quarterly management fee in advance, except that we manage one or more “parallel” or “co-invest” funds or similar vehicles that do not bear management fees.

Management fees are generally calculated separately in respect of each limited partner in each Fund. Clients and investors should review the Fund partnership agreements for full details as to how management fees are calculated, but generally, the management fee payable with respect to each limited partner in each of our Funds is:

- During the “investment period” for the applicable Pamlico Fund, a percentage of the limited partner’s capital commitment to the Fund, and
- Thereafter, a percentage of the limited partner’s outstanding invested capital in the Fund.

The management fee percentage may vary from one Fund to the next, or at different times over the term of a Fund, but is generally 2.0% per annum or less. Management fees paid by the Pamlico Funds are offset by a portion of certain fees paid to Pamlico Capital with respect to investments made or proposed to be made by the relevant Fund, if applicable.

We bill each Fund for the management fees it owes quarterly in advance, and we cause each Fund to pay these fees by issuing capital calls to the Fund's investors or by using cash otherwise available to the Fund, usually from investment realizations/distributions or from credit facilities maintained by the Fund. The only circumstance under which we would return prepaid management fees to a Fund is upon the removal of the Fund's general partner and the termination of our engagement as investment adviser, in which case we would return the unearned portion of the quarterly prepaid management fee to the Fund.

The partnership agreements for the Pamlico Funds do not provide for the payment of performance-based fees directly to Pamlico Capital, but each partnership agreement does provide for the payment of performance-based compensation to the Fund's general partner, and each Fund's general partner is an affiliate of Pamlico Capital. This performance-based compensation, or "carried interest," is discussed further in Item 6.

We use the management fees we earn from the Funds to pay certain administrative costs and expenses attributable to the operation of the Firm and the Funds, such as rent, utilities, office supplies, office equipment, advertising, certain travel and entertainment expenses, and employee compensation. Each Pamlico Fund bears all other expenses, fees, charges, and liabilities incurred in connection with the conduct of its affairs and the management of its business and investments, including but not limited to, legal, audit, and accounting expenses; market data, certain travel and entertainment expenses specific to the Fund's investment activity, custody, transfer and registration expenses; brokerage fees and commissions incurred with the purchase or sale of securities; third party expenses incurred in connection with the evaluation, acquisition and disposal of investments; tax filing preparation; certain organizational and offering expenses; and the cost of holding meetings of the Fund's investors and advisory committee. The offering documents for each Pamlico Fund contain additional detail about the expenses that may be borne by the Fund and should be reviewed carefully by prospective investors.

Neither Pamlico Capital nor any of its supervised persons accepts compensation for the sale of securities or other investment products. However, we may receive management, transaction-related services, break-up, monitoring, directors', or other similar fees from the Funds' portfolio companies or in relation to prospective investments by the Funds. In the case of investments or prospective investments made or to be made by any Pamlico Fund that bears management fees, all or a portion of any such other fees offsets the management fee otherwise payable by the Fund that holds or was contemplating an investment in the relevant portfolio company. With respect to investments or prospective investments by any Pamlico Fund that does not bear management fees, the Firm is generally entitled to retain any such other fees earned which are in excess of certain expenses paid by Pamlico Capital on behalf of such Fund.

Because we generally invest our clients' assets only in privately held companies, we do not use the services of broker-dealers in the ordinary course of making and disposing of investments. However, in situations where a client could potentially hold publicly traded securities – for example, due to an initial public offering of a portfolio company's securities or as the result of a publicly traded company acquiring a portfolio company – we would utilize a broker-dealer to hold and ultimately sell the underlying security on behalf of the client. As stated previously, brokerage and transaction costs associated with such services are borne by the client, and Pamlico Capital does not receive compensation for the sale of securities or other investment products. For additional information regarding brokerage practices, please see Item 12.

Item 6. Performance-Based Fees and Side-by-Side Management

Each of the Pamlico Funds is subject to a “carried interest” (i.e. a performance fee) when the Fund has returned to its investors certain amounts of capital contributed by them to the Fund and a specified “preferred return” thereon. The carried interest is calculated as a percentage of the Fund’s net profits and is payable to the general partner of the Fund, and each Fund’s general partner is an affiliate of Pamlico Capital. The general partner is not entitled to carried interest based on changes in investment valuations, but only in the event cash or other proceeds are realized by the Fund from underlying investment activity, and then only after certain distributions have first been made to investors in the Fund.

We do not currently manage accounts that are charged a performance fee alongside other accounts that are not. Moreover, to-date, whenever we have managed Funds with overlapping investment periods, the governing documents of those Funds have included detailed, negotiated provisions regarding the allocation of investment opportunities between them, minimizing any conflict of interest that might otherwise arise in allocating investment opportunities to client accounts based on the likelihood that we will earn performance-based fees or the amount thereof. A potential conflict of interest that does arise from our charging performance-based fees is that it may create an incentive for Pamlico Capital to cause the Pamlico Funds to engage in riskier investment behavior due to the higher return potential.

Item 7. Types of Clients

As stated previously, we currently provide investment advisory services to private investment funds. We provide investment advice directly to the Pamlico Funds, and not individually to investors in the Funds.

Interests in the Pamlico Funds were offered privately to institutional or otherwise highly sophisticated investors pursuant to applicable exemptions from registration under federal securities laws.

Although we do not impose minimum dollar values for client accounts, minimum investment commitments (waivable by a Fund’s general partner) may be established for limited partners in Pamlico Funds.

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

Our primary business is advising the Pamlico Funds with respect to the evaluation, management and liquidation of their investments. The Funds invest primarily in lower middle market companies in the United States with total enterprise values of up to \$350 million. Most transactions require equity investments between \$25 million and \$125 million. We seek companies we believe will generate returns through growth, and we prefer to have a majority or significant minority ownership position in each portfolio company. We try to help portfolio companies make strategic decisions that will ultimately lead to growth and increased value, typically through service by representatives of Pamlico Capital on portfolio company boards of directors. We generally invest with the expectation of a long-term hold and an idea of how we will exit each investment.

We approach each new investment with an extensive underwriting process that includes a fundamental analysis of a target investment's position and prospects. This analysis typically includes the following: the development of financial projections and models to document potential growth plans; analysis of the portfolio company's market and its competitive position in that market; meetings with portfolio company management; customer reference and other background checks; industry analysis and research; regulatory and environmental analysis/research; and financial accounting and tax due diligence. All information collected on a contemplated portfolio company is summarized and presented to the investment committee for the relevant Pamlico Fund, which makes all final investment decisions. Currently, the investment committee for each Pamlico Fund consists of seven most senior investment partners of the firm.

Despite our extensive due diligence procedures, investing in private equity securities involves a risk of loss that investors should be prepared to bear, up to and including the entire amount of the client's investment (or an investor's investment in a Fund). There are also other risks that are inherent in private equity investing and that investors are made aware of prior to investing into a particular Pamlico Fund. Such risks include, but are not necessarily limited to, the following:

Fund Investment Risk – The market for attractive investment opportunities is highly competitive. Our ability to compete depends on factors such as the retention of our personnel, our ability to identify, analyze and secure investments within a prescribed investing period, our ability to execute on our investment strategy for each portfolio company, and factors beyond our control (i.e. market, economic and regulatory changes). These items, collectively or individually, may have an impact on the performance of a Pamlico Fund.

Portfolio Company Risk – Each portfolio company within a Fund has its own inherent risks. The success of an investment within a Pamlico Fund is dependent upon the strength of the underlying management team, leverage, financial results, regulatory changes, competition, economic factors, etc. While our underwriting process is designed to identify and address risks inherent in any portfolio company, any significant disruption to a portfolio company in relation to one of the items listed above can have a potential impact on the ability of a Pamlico Fund to realize positive returns on its investment.

Economic and Market Risks – The health of the U.S. and global economies and general market conditions can have an unexpected impact on any individual portfolio company or Pamlico Fund. Economic and market conditions can impact our ability to invest in new portfolio companies, realize existing investments, raise capital for a portfolio company or refinance a portfolio company investment (including our ability to access debt markets at consistent or improved rates of interest), and execute on growth strategies of individual portfolio companies. In addition, specific events can occur that can contribute to unforeseen economic and market risks on both a domestic and global basis for a Pamlico Fund and/or any of its underlying portfolio investments. Examples include, but are not limited to, acts of God, fire, flood, earthquakes, outbreaks of infectious disease, pandemic or any other serious health concern, war, terrorism, labor strikes, failure of technology, accidents, government macroeconomic policies, social instability, etc. Such unforeseen events could adversely impact the performance results of a Pamlico Fund or any of its underlying portfolio investments.

Illiquidity of Investments – The illiquidity of investments is a risk factor at both the Pamlico Fund level and the portfolio company level. Pamlico Fund investors are restricted in their ability to sell, assign, exchange or transfer their interests in, or to withdraw from, a Pamlico Fund. As such, investors must be

willing to bear the risk of owning their interests and funding their commitments for an extended period of time. The Pamlico Funds are not registered under the Investment Company Act of 1940, and therefore, do not afford their investors the protections of such regulatory statutes.

The investments of a Pamlico Fund are also generally illiquid. Portfolio company securities are often subject to trading restrictions under U.S. securities law and typically consist of unregistered securities that cannot be sold publicly. Even public securities held by a Pamlico Fund (usually received through merger or acquisition activity or through an initial public offering) may be subject to lock-up provisions preventing their sale, Rule 144 of the Securities Act of 1933, or practical limitations on their sale resulting from the size of Pamlico Capital's position as compared to the typical trading volume of the security. The limitations surrounding the sale of a security in a Pamlico Fund could prevent the successful sale of the security at a time that is most beneficial to the Fund.

Reliance on Management – The success of any Pamlico Fund will depend on the ability of Pamlico Capital to identify, manage, and consummate investments for the Fund, to assist in decisions that lead to the growth of such investments and to liquidate such investments at a point in time that can add the most value to the Fund. The loss of services of one or more members of our professional staff could have an adverse impact on a Fund's ability to realize its investment objective. In addition, all officers and employees responsible for managing a particular Pamlico Fund will continue to have responsibilities with respect to other Funds and accounts managed by Pamlico Capital, as well as with respect to current and future fund raising. The ability of Pamlico Capital to continue to raise capital for future Pamlico Funds is a critical component to the longevity of Pamlico Capital and the retention of its employees and investment professionals.

Limited Number of Investments – Each Pamlico Fund will make a limited number of investments and, as a consequence, the aggregate return of each Fund may be materially adversely affected by the unfavorable performance of any one investment.

Lack of Diversification – While we attempt to construct for each Pamlico Fund a diversified portfolio of investments within the Fund's investment strategy, we do not attempt to create diversified portfolios across investment strategies or even within private equity generally. We do not purport to provide a complete investment program for any of our clients or investors.

Unidentified Investments – The activity of identifying, completing and realizing attractive investments is highly competitive and involves a high degree of uncertainty. There can be no assurance that we will be able to identify and complete investments that meet any particular client's investment objectives.

Item 9. Disciplinary Information

There are no legal or disciplinary events that are material to any client's or prospective client's evaluation of our advisory business or the integrity of our management that require disclosure in this brochure.

Item 10. Other Financial Industry Activities and Affiliations

Neither Pamlico Capital nor any of its management persons is, plans, or has a pending application to be registered as a broker-dealer, a representative of a broker-dealer, a futures commission merchant, a commodity pool operator, a commodity trading advisor, or otherwise.

As described elsewhere in this brochure, Pamlico Capital manages private investments funds, and affiliates of Pamlico Capital serve as the general partners of these funds. Except for these relationships, neither Pamlico Capital nor any of its management persons has any relationship or arrangement that is material to its advisory business or its clients with any related person that is a broker-dealer, municipal securities dealer, or government securities dealer or broker; an investment company or other pooled investment vehicle; another investment adviser or financial planner; a futures commission merchant, introducing broker, commodity pool operator, or commodity trading advisor; a banking or thrift institution; an accountant or accounting firm; a lawyer or law firm; an insurance company or agency; a pension consultant; a real estate broker or dealer; or a sponsor or syndicator of limited partnerships. Pamlico Capital does not view its relationship with the general partners of the Pamlico Funds as giving rise to any conflicts of interest at all, and Pamlico Capital does not view its relationship with the Pamlico Funds as giving rise to any material conflicts of interest, except as previously discussed at the end of Item 6 of this brochure.

We do not recommend or select other investment advisers for any of our clients and, therefore, we do not directly or indirectly receive compensation from those advisers.

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

The following is a summary of our code of ethics, a copy of which will be provided to any client, prospective client or investor upon request:

In accordance with SEC Rule 204A-1 under the Investment Advisers Act, our code of ethics includes:

- Standards of business conduct that we require of our employees, reflecting our fiduciary obligations and those of our supervised persons and requiring us to put the interests of our clients first;
- Provisions requiring our supervised persons to comply with applicable securities laws;
- Provisions requiring all of our employees to report, and us to review, their personal securities transactions and holdings on a quarterly and annual basis, and to obtain our prior approval before engaging in certain personal securities transactions;
- Provisions requiring our employees to report any violations of our code of ethics promptly to our chief compliance officer or other appropriate persons and prohibiting retaliation for such reports;
- Provisions requiring us to provide our employees with a copy of our code of ethics and any amendments, and requiring them to acknowledge their receipt of and compliance with such code.

We expect all members of the Firm to act with integrity, competence, dignity, and in an ethical manner when conducting personal or business-related activities, which includes, but is not limited to interaction

with the public, Pamlico Fund investors, portfolio companies, prospective portfolio companies, the Firm, and other Pamlico personnel/employees. We also expect all of our personnel to adhere to the highest standards with respect to any potential or perceived conflicts of interest with any party.

Other topics covered by our code of ethics include confidentiality, insider trading, directorships, gifts and entertainment, political contributions, and outside business activities of employees.

Neither Pamlico Capital nor any of its related parties recommends to clients, or buys or sells from client accounts, securities in which Pamlico Capital or any of its related parties has a material financial interest. On rare occasions, Pamlico Capital may cause a Pamlico Fund to: (i) invest in a portfolio company in which one or more related parties of Pamlico also has an investment, (ii) participate in a transaction in which one or more of Pamlico Capital's related parties is exiting an investment in the same portfolio company, or (iii) participate in other transactions involving similar conflicts of interest. When or if such transactions occur, they are approved in advance by the limited partner advisory committee(s) of the respective Pamlico Funds, as required by the individual Fund partnership agreements.

While Pamlico Capital does not buy or sell securities for its own account, its employees are permitted to, and may occasionally, buy or sell the same securities for their personal or family accounts that are bought or sold for the Pamlico Fund. Such employee transactions may be conducted before, at or about the same time, or after such Fund transactions. Personal securities transactions by employees such as these may raise potential conflicts of interest, so we have adopted policies and procedures intended to address these potential conflicts of interest. These policies and procedures require, among other things:

- periodic reviews of employee personal securities transactions and holdings;
- that employees not trade in any securities of issuers as to which they or any other employee has material non-public information;
- prior approval of both its chief compliance officer and the chief operating officer or a member of the Firm's board of directors before any personal transaction involving securities listed on the Firm's restricted securities list, which generally includes all of our client's portfolio companies, as well as many prospective portfolio companies;
- prior approval of both its chief compliance officer and the chief operating officer of a member of the Firm's board of directors before any acquisition of shares in any initial public offering or any private offering; and
- the maintenance of comprehensive records about the foregoing.

As a general rule, we will approve an employee's personal transaction involving securities issued by any portfolio company or prospective portfolio company of a Fund only if the employee's transaction would not be likely to be viewed as trading against the Fund or in a manner that is materially different from the Fund's historical and intended trading activity and we deem it unlikely that the employee's personal holdings of the security would affect the employee's judgment in participating in the management of the Fund. In all circumstances, an employee must put the interests of our clients and investors above his or her own personal interests.

Item 12. Brokerage Practices

We do not generally utilize broker-dealers for transaction-related services. In the event we do require the services of a broker-dealer, we seek to obtain the best execution of transactions. We do not have any agreements in place that require us to use any specific broker-dealer, and we select broker-dealers that we believe best serve the interests of our clients given the circumstances under which the security is being sold or traded. We do not receive any “soft dollar” benefits, do not receive client referrals from brokers, and are not subject to directed brokerage activities.

In instances where we deem it appropriate for multiple clients to acquire or sell the same security at the same time, we would typically aggregate the purchase or sale for both accounts. As a practical matter, this is not likely to happen very often, except with respect to Funds that are established to co-invest alongside one another, which would generally participate in all investment transactions together on a side-by-side basis, or where the investment period of one Fund overlaps with the investment period of a predecessor or successor Fund, in which case such Funds might co-invest in transactions together on occasion.

Item 13. Review of Accounts

The portfolio investments of each Pamlico Fund are continuously reviewed by a team of investment professionals. Each investment is managed and reviewed by a team that includes at least one partner and is responsible for the ongoing oversight of an investment. We hold regularly scheduled meetings (usually weekly) to discuss portfolio investments in general or on an as-needed basis for more specific issues. On a quarterly basis, at a minimum, our partners and finance professionals meet with the investment teams to discuss each investment for valuation purposes and to gain an understanding of any current events that are occurring at the portfolio company level. At least two of our partners also meet at least semi-annually with the limited partner advisory committees of the Pamlico Funds to provide investors with an update of portfolio company events, Fund performance, and valuation processes and decisioning.

On a quarterly basis, we issue written reports for each Pamlico Fund that include updates for each portfolio company and financial statements for the Fund. We provide these reports to all of the investors in each Pamlico Fund. Unaudited quarterly financial statements are issued within 45 days of a quarter end and audited financial statements are issued within 90 days of year end. We also issue written and verbal portfolio updates through quarterly letters, annual investor meetings/presentations, and other material provided through a web-based reporting application specifically designed to keep investors informed.

Item 14. Client Referrals and Other Compensation

We do not receive any economic benefit from anyone other than our clients for providing investment advice or other advisory services to our clients. In addition, we have never compensated any person for

client referrals. We have previously retained a placement agent to assist with fundraising for some of the existing Pamlico Funds.

Item 15. Custody

We (or the general partners of the Funds, which are our related parties) have custody of the assets of the Pamlico Funds and maintain them with one or more qualified custodians as and to the extent required by SEC Rule 206(4)-2 under the Investment Advisers Act. We hold cash and cash equivalents of each Pamlico Fund in separate bank accounts and, when applicable, we would hold a Fund's public securities in a separate brokerage account. The security holdings of each Pamlico Fund are reported to investors on a quarterly basis as part of the Fund's financial statements, and such holdings are subject to audit confirmation on an annual basis by our independent accounting firm. Because we provide audited financial statements for each Pamlico Fund to investors within 120 days of each calendar year end, investors do not receive reports directly from Pamlico Capital's qualified custodians.

Item 16. Investment Discretion

The Firm's only clients are the Pamlico Funds. The Firm has discretionary authority to manage the assets of each Fund. This discretionary authority and any investment restrictions or other limitations on that authority are memorialized in the legal and other offering documents for the relevant Fund, which are negotiated with investors prior to their making a commitment to invest in the Fund.

Item 17. Voting Client Securities

We (or the general partners of the Funds, which are our related parties) have the authority to vote all securities held by the Pamlico Funds, which we do in accordance with a proxy voting policy we adopted in accordance with SEC Rule 206(4)-6 under the Investment Advisers Act. Pursuant to our proxy voting policy, we vote the Funds' securities in accordance with what we consider to be in the best interests of the Fund, taking into account such factors as we deem relevant under the circumstances. The Funds and investors in the Funds do not have the ability to direct how we vote Fund securities.

If a conflict of interest were to arise between Pamlico Capital and a Pamlico Fund when voting the Fund's securities, we would nevertheless vote in the client's best interests. In determining what is in the best interest of a Fund, we would be sure to act in conformity with any applicable requirements of the Fund's governing documents and might consult with, or seek approval of the voting decision from, the Fund's limited partner advisory committee, if necessary.

Any of our clients or investors is able to obtain a copy of our written proxy voting policies and procedures upon request by contacting the chief compliance officer as follows:

Pamlico Capital Management, LP
Attention: Tracey Chaffin
150 N. College Street, Suite 2400
Charlotte, NC 28202

Item 18. Financial Information

We do not solicit fees from clients more than six months in advance, are not aware of any financial condition that is reasonably likely to impair our ability to meet contractual commitments to our clients, and have not been the subject of bankruptcy; therefore Item 18 is not applicable.

Item 19. Requirements for State-Registered Advisers

Pamlico Capital is not a state-registered adviser, therefore Item 19 is not applicable.