

**Item 1 – Cover Page**

Sageview Capital LP

Part 2A of Form ADV - The Brochure

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This brochure provides information about the qualifications and business practices of Sageview Capital LP (“Sageview”). If you have any questions about the contents of this brochure, or to receive an additional complimentary copy of it, please contact our Chief Compliance Officer, Dino Verardo, at 203-625-4200 or [Dino@sageviewcapital.com](mailto:Dino@sageviewcapital.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. Registration as an investment adviser with the SEC does not imply a certain level of skill or training.

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

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## **Item 2 - Material Changes**

Sageview notes that Sageview Fund III (as defined below) has been launched as of the date of this filing but had not accepted any capital commitments as of December 31, 2019. Other than this item, Sageview does not consider any of the information contained in this version of the brochure to represent a material change from the information contained in its most recent previous version dated March 20, 2019. Our current and prospective investors are encouraged to read this brochure, as well as all of the governing documents applicable to their current or prospective investment, in their entirety.

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## **Item 4 - Advisory Business**

Sageview was founded in 2006 and is owned 100% by Sageview Management, LLC (“Sageview Management”). Each of The Edward and Karen Gilhuly Trust UAD August 3, 1993 between Edward A. Gilhuly and Karen H. Gilhuly as Settlers and Trustees and the Scott M. Stuart 2009 Revocable Trust own 25% or more of Sageview Management.

As of December 31, 2019, Sageview managed \$ 1,088 million (calculated based on regulatory assets under management) on a discretionary basis on behalf of nine private fund clients.

Sageview provides discretionary investment advice and management services to nine private investment funds (each a “private fund” and collectively, the “private funds”), which are organized either as U.S. or non-U.S. limited partnerships, that generally seek to generate attractive risk-

adjusted returns as a value-added investor by making privately negotiated investments in privately owned, lower middle market companies. Sageview may also selectively invest in public companies and special situations. Throughout this brochure, “clients” shall be used to refer to these private funds.

Each private fund is managed only in accordance with its own investment objectives and is not tailored to any particular private fund investor (each, an “investor”). Sageview currently manages three families of private funds referred to as “Sageview Fund I”, “Sageview Fund II”, and “Sageview Fund III” each of which invests or will invest in a long-term concentrated portfolio consisting primarily of private investments and/or domestic and international stocks.

Sageview does not participate in any wrap fee programs.

### **Item 5 - Fees and Compensation**

Sageview and/or the general partner of the private funds have the authority to: (i) deduct management and performance-based fees from the assets of the private funds, and (ii) authorize the payment of other fees and expenses to third parties from the assets of the private funds.

#### **Management Fees**

Sageview earns a management fee from the private funds in accordance with their respective offering documents and limited partnership agreements. The private funds, and consequently the underlying investors, generally incur an annual “management fee” of 2.0% based upon the private fund’s committed capital during the investment period and thereafter based upon actively invested capital. Sageview charges fees quarterly in advance at the beginning of each quarter and the fees are prorated for any period that is less than a full quarter.

Sageview will generally offset the management fees paid by a private fund in the amount of any transaction or monitoring fees or other portfolio company fees paid to Sageview or its affiliates in connection with such private fund’s investment activities. If amounts to be applied to reduce the management fees in any period exceed the management fees payable for such period, such excess will be applied to reduce the management fees payable in the next period and each succeeding period thereafter. To the extent that such reductions have eliminated all future management fees, the remaining amounts of such reductions will generally not be refunded to the private funds.

All management fees were negotiated during the fund raising period of the applicable fund. Sageview may elect to waive all or a portion of any future management fees payable by certain funds.

#### **Performance Based Fees**

Refer to Item 6 below for a description of the performance based fees.

#### Directors' Fees; Transaction Fees

Investment personnel of Sageview may from time to time serve on the board of directors of public and private companies, including those in which the private funds invest (each a "portfolio company" and, collectively the "portfolio companies"). In addition, from time to time Sageview or its affiliates receive transaction fees, monitoring fees, break-up fees, commitment fees, investment banking fees, termination fees, directors' fees, and similar fees, payments or compensation (whether in the form of cash, options warrants, stock or otherwise) (collectively "transaction fees") in connection with a potential or existing investment. In the case of portfolio companies, Sageview investment personnel will contribute any directors' fees they receive to Sageview, which will in turn offset or reduce the management fees paid by the private funds in the amount of such directors' fees as described in the limited partnership agreement of each private fund. Sageview will offset the management fees of the private funds for the amount of realized transaction fees and proceeds from any stock options or other share based compensation received by Sageview's investment personnel in connection with serving on the boards of directors of portfolio companies.

Notwithstanding the general fee structure described above, Sageview may negotiate different fee structures with certain investors. Such negotiations and agreements are governed by separate agreements commonly referred to as "side letters". The side letter provisions, which are not found in the private funds' governing documents, entitle certain investors to different terms and conditions related to fees, reporting, liquidity, and notifications, among other terms. Sageview reserves the right, but does not have the obligation, to negotiate or waive fees as well as other investor terms and conditions. Sageview has waived fees for certain investors, such as Kohlberg Kravis & Roberts & Co., L.P. ("KKR") and its affiliates and for Sageview employees.

Detailed information regarding the management fees borne by investors of the private funds is contained in the relevant private fund's private placement memorandum (each, as amended and/or supplemented "PPM") and limited partnership agreement. Investors should not consider an investment in a private fund without fully understanding such fund's management fee structure.

#### Private Fund Expenses

Detailed information regarding all the fees to be paid by each private fund is contained in the relevant private fund's PPM and limited partnership agreements. In addition to management fees and "carried interest" (as defined below), investors will bear indirectly the costs and expenses charged to the funds. Such costs and expenses will vary but will generally include (among others): (i) costs and expenses incurred in connection with the discovery, evaluation, acquisition, monitoring, management or disposition of investments, whether or not consummated (which may be in excess of a private fund's pro rata allocation based on its expected participation in any such unconsummated investment (see Item 7 under "Co-Investors")), including, without limitation, loan

fees, private placement fees, sales commissions<sup>1</sup>, appraisal fees, taxes, brokerage fees, research fees, interest and commitment fees, transfer taxes and premiums, underwriting commissions and discounts, and legal, accounting, investment banking, advisory, consulting, information services and professional fees, travel-related costs and expenses (including transportation, meal, entertainment and lodging expenses), communications and all other expenses related to the discovery, investigation, development, making and disposition of investments, fees, costs of attending industry conferences, research (including information service subscriptions as well as expenses incurred to operate and maintain market information systems and information technology systems used to obtain such research and other information), fees paid to operating consultants and other specialty professionals (including industry executives, subject matter experts or similar persons, including such persons providing services to portfolio companies), (ii) costs and expenses incurred in connection with the carrying or management of investments, including interest and related expenses and custodial, trustee, record keeping and other administrative fees and expenses; (iii) costs and expenses incurred in connection with the incurrence of indebtedness, including, without limitation, borrowings, dollar rolls, reverse purchase agreements, credit facilities, margin financing, total return swaps and the issuance of debt securities and the costs of establishing such indebtedness, the costs of monitoring compliance therewith, and the costs of any commitment, trustee, underwriting and legal fees and expenses; (iv) costs and expenses incurred in connection with the preparation, printing and delivery of the funds' financial statements, reports, tax returns and K-1's (or additional or similar tax-related schedules) or other reports of the funds and any meetings with investors, including, expenses incurred in connection with providing partners on-line or electronic access to information and relating to the funds and fees associated with the preparation of materials for the limited partners (including the representation of the funds and the partners by the partnership representative), responses to questions and inquiries and fulfillment of requests regarding investments, operations, and compliance of the funds; fees, costs, costs and expenses incurred in connection with General Data Protection Regulation, and fees, costs, costs and expenses incurred in connection with compliance or filings related to the reporting requirements of Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended and similar legislation in other jurisdictions; (v) fees, costs and expenses incurred in connection with transfers of interests by the partners that are not otherwise borne by the applicable transferor or transferee; (vi) fees and disbursements of attorneys and accountants relating to fund matters, including, without limitation, fees and disbursements associated with updating the funds' private placement memoranda and subscription documents; taxes and other governmental charges that may be incurred or payable by a fund; all premiums and expenses, including broker fees, associated with insurance coverage in respect of the activities of the funds, including errors, omissions, fidelity, general partner liability, directors' and officers' liability and similar coverage for any person acting on behalf of the funds; (vii) costs and expenses incurred in connection with the maintenance, operation and administration of the funds (including for purposes of maintaining the funds in good standing with respect to state and similar registrations); (viii) costs and expenses (including legal fees and expenses) incurred to

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<sup>1</sup> Please see the "Brokerage Practices" section below for further information about Sageview brokerage practices and other trading-related matters.

comply with any law or regulation related to the activities of the funds, including (A) regulatory expenses of the general partner to each of the funds or any of their respective affiliates incurred in connection with the operation of the funds, (B) expenses related to the compliance with or filings under Section 1471 and 1474 of the U.S. Internal Revenue Code of 1986, as amended, (C) the offering of limited partnership interests in the funds and any related “blue sky” filing fees and expenses and (D) incurred in connection with any litigation or governmental inquiry, investigation or proceeding involving the funds, including the amount of any judgments, settlements or fines paid in connection therewith; (ix) insurance premiums and expenses (including in respect of errors, omissions, fidelity, general partner liability, directors’ and officers’ liability and similar coverage for Sageview, the general partners of the private funds, their respective affiliates and related entities, any other persons acting on behalf of the funds and any persons acting on behalf of Sageview, the general partners of the private funds, their respective affiliates and related entities); (x) any taxes, costs and expenses or other governmental charges levied against the funds and all expenses incurred in connection with any tax audit, investigation, settlement or review of the funds or any their tax returns and K-1s; (xi) costs and expenses incurred in connection with the dissolution, winding up or termination of the funds; (xii) costs and expenses incurred in connection with computing the value of the assets of the funds (including and as applicable, fees, costs and expenses associated with advisors, independent pricing services and third party valuation consultants); (xiii) costs and expenses incurred in connection with any meeting of the partners or the advisory committee relating to the funds; and (xiv) expenses related to the funds’ indemnification obligations; administration fees payable to an administrator of the funds and related costs and expenses.

In addition to the foregoing, the fees, costs and expenses incurred in connection with the organization of a private fund and expenses related to the sale of its interests (other than placement fees), or the negotiation of terms and conditions of investments from limited partners, will generally reduce the management fees otherwise borne investors to the extent such costs and expenses exceed a certain dollar amount. Furthermore, placement fees will generally offset such management fees on a dollar-for-dollar basis, as described in the PPM and the limited partnership agreement of each private fund.

Detailed information regarding all of the fees, costs and expenses to be paid by each private fund is contained in the relevant fund’s PPM and limited partnership agreement. Investors should not consider an investment in a private fund without fully understanding the fund’s cost and expense structure.

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

The general partners of the private funds, which are affiliates of Sageview, charge a “performance based fee” generally equal to 20% of the net profits attributable to each investor, ultimately dependent on the respective investment fund’s limited partnership agreement. This performance based fee is referred to as “carried interest”. The carried interest may vary in fee rate, timing and calculation methodology for different clients. The performance based fee may create an incentive for Sageview or the general partners of the private funds to make more speculative investments and make different decisions regarding the timing and manner of the realization of such investments,

than would be made if such performance allocation were not part of the overall compensation structure, or to favor certain investments for private funds that have a higher performance based fee than other private funds managed by Sageview. To maintain fair and equitable treatment of all of its private funds, Sageview has implemented controls to further its efforts to treat all accounts fairly, regardless of their corresponding fee-structure. Sageview believes that the existing controls, provide an environment that fosters the fair and equitable treatment of all private funds managed by Sageview. Sageview seeks to address these conflicts through careful vetting of investment opportunities by its investment professionals and disclosure of investments to limited partners through capital call notices and periodic reports. Additionally, the principals and certain investment professionals of Sageview will often invest in the private funds both directly and indirectly (*e.g.*, through general partner commitments) intended to align the interests of Sageview and those of the private funds. Sageview's performance fee is charged in compliance with Rule 205-3 under the Investment Advisers Act of 1940 ("Advisers Act").

Detailed information regarding the carried interest to be borne by the investors in each of the private funds is contained in the relevant fund's PPM and limited partnership agreement. Investors should not consider an investment in a private fund without fully understanding the fund's carried interest structure.

#### **Item 7 - Types of Clients**

Sageview provides investment advisory services to private funds, which are generally organized as limited partnerships under the laws of the State of Delaware or, as exempted limited partnerships under the laws of the Cayman Islands. Sageview expects each private fund to qualify for exemption from the definition of "investment company" under the Investment Company Act of 1940, as amended (the "1940 Act") pursuant to Section 3(c)(7) thereunder, and to offer interests to investors pursuant to Regulation D or Regulation S under the Securities Act of 1933 (as amended, the "Securities Act"). **This brochure is designed solely to provide information about Sageview and should not be considered to be an offer of interests in any private fund. Any such offer may be made only by delivery to the prospective investor of the PPM for the private fund under consideration. Investors considering an investment in the private funds should consult with their own investment, tax and/or legal consultants prior to investing.**

Private fund investors may include high net worth individuals and a variety of institutional investors (*e.g.*, trusts, employee benefit plans, endowments, foundations, corporations, and other types of entities, including private funds of funds) meeting the terms of the exceptions and exemptions under which the private fund operates and wishing to invest in accordance with the private fund's investment objective. Each U.S. investor must be (i) an "accredited investor," as defined in Regulation D promulgated under Securities Act and (ii) a "qualified purchaser," as defined in Section 2(a)(51) of the 1940 Act, and must also meet other suitability requirements. Interests in offshore private funds may be purchased by tax-exempt U.S. investors that qualify as accredited investors and qualified purchaser, or by non-U.S. persons (as defined in Regulation S of the Securities Act).

### Co-Investors

When the general partner of a private fund deems it appropriate and consistent with the interests of such private fund, it may, but shall not be obligated to, provide the private fund's limited partners or third parties with co-investment opportunities. Decisions regarding whether and to whom to offer such co-investment opportunities are made in the sole discretion of the general partner. The general partner of such private funds may arrange for the organization of a new limited partnership or other type of entity to serve as a co-investment entity. The terms of any such co-investment are negotiated by the general partner and the potential co-investor on a case-by-case basis in their respective sole and absolute discretion, but the economic terms on which such co-investors participate in the underlying portfolio investment must be on terms substantially similar to those of the private fund. A private fund's general partner may make a nominal investment in any vehicle formed for a co-investment opportunity. Co-investors typically bear their pro rata share of various fees, costs and expenses related to their co-investments and may be required to pay their pro rata share of fees, costs and expenses related to their potential co-investments that are not consummated, such as reverse breakup fees or broken deal costs. To the extent co-investors do not agree to or do not otherwise bear fees, costs and expenses related to unconsummated co-investments, such fees, costs and expenses will typically be borne by the private funds that would have participated in such investment had it been consummated, as determined by Sageview, in each case, in excess of the private fund's pro rata allocation based on its expected participation in any such investment.

### Subscriptions

When accepting new investors, the private funds generally require a minimum investment of \$5 million, but may accept lesser amounts at the discretion of Sageview and/or the general partner of the private funds.

### Transfers

An investor may not pledge, assign, sell, exchange or transfer its interest (or any portion thereof) in a private fund, and no assignee, purchaser or transferee may be admitted as a substitute investor, except with the consent of the general partner of such private fund, which consent may be given or withheld in such general partner's sole and absolute discretion.

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

### Investment Strategy

Sageview Fund I's investment strategy is to take a private equity-like approach to investing in the private and public markets. Sageview concentrates on: (i) investing in leading lower middle market private companies with large addressable markets and where Sageview believes its experience and capital can help scale the business and (ii) acquiring significant ownership stakes in publicly traded companies through open-market purchases, privately negotiated transactions, block purchases, participation in underwritten offerings, or a combination thereof. In many cases, Sageview then seeks to actively implement value-creating financial strategies and operational improvements in an attempt to generate a return substantially independent of the market.



Sageview Fund II and Sageview Fund III focus on generating attractive risk-adjusted returns as a value-added investor in leading lower middle market private companies with large addressable markets and attractive growth prospects, where Sageview believes its experience and capital can help scale the business. In many cases, Sageview then seeks to actively implement value-creating financial strategies and operational improvements in an attempt to generate a return substantially independent of the market.

The investment strategy is implemented through Sageview's Investment Committee, which is comprised of Mr. Edward Gilhuly, Mr. Scott Stuart and Mr. Dean Nelson, senior partners of Sageview. The Investment Committee generally meets weekly to discuss existing and prospective investments. Investments are evaluated independently, as well as in the context of clients' existing holdings and sector exposures.

Detailed information regarding the investment strategy of the private funds is contained in the relevant private fund's PPM and limited partnership agreement. Investors should not consider an investment in a private fund without fully understanding the fund's investment strategy.

#### Types of Investments

The private funds invest primarily in equity and equity-linked securities of portfolio companies. From time to time the private funds also invest in corporate debt securities including corporate bonds, debentures, notes and other similar corporate debt instruments, including convertible securities. In addition, the private funds utilize financial instruments such as forward contracts, options, and swaps for investment purposes and to seek to hedge against fluctuations in the value of the private funds' portfolios as a result of changes in currency exchange rates, market interest rates and equity prices. Finally, the private funds generally may not invest more than 20% of their assets, as of the date of the investment, in the securities of any one issuer.

Specifically with respect to Sageview Fund I, each portfolio investment will be held in a separate sub-account on behalf of the private fund and each investor participating therein and capital allocated to each portfolio investment generally may not be withdrawn by an investor until the investment is liquidated or deemed liquidated by Sageview. Only those investors of Sageview Fund I who are admitted on a date a portfolio investment is made participate in the profits and losses associated with the portfolio investment.

In certain instances, as mentioned in the governing documents of the private funds, the private funds have and in the future may co-invest with third parties through partnerships, joint ventures or other entities. Such investments involve risks not present in investments where a third party is not involved, including the possibility that a third-party co-venturer or partner could at any time have economic or business interests or goals that are inconsistent with those of the private funds, or could be in a position to take action contrary to the investment objectives of the private funds. In addition, the private funds could in certain circumstances be liable for actions of its third-party co-venturer or partner.

Finally, in its discretion, Sageview and/or the general partner of a private fund could permit or require certain investors to be excluded from making or holding a specific investment. As such, only the non-excluded investors will participate in such investment.

#### Sources of Information

Although Sageview utilizes information, reports, and data from various external sources, including consulting arrangements with independent analysts and meetings with the management of current and prospective portfolio companies, its investment decision-making with respect to the accounts it manages is based primarily upon its internal research and analytical capabilities, including the research and analytical experience and expertise of its investment staff.

#### Material Risks

Acquiring an interest in a private fund involves a number of significant risks, including, but not limited to those discussed below. An investment in a private fund is a speculative investment and is not intended as a complete investment program. It is designed for sophisticated investors who fully understand and can bear the risk of an investment in the private funds. No guarantee or representation is made that the private funds will achieve the investment objective or that investors will receive a return of their capital. Prospective investors should consult their own legal, tax and financial advisors as to all these risks and as to an investment in a private fund generally.

**Reliance on the General Partner and Sageview** – Sageview and the applicable general partner will be responsible for the overall management of each private fund. The quality of the decisions of the general partner and Sageview will determine the private funds' success or failure. Investors will not have an opportunity to select or evaluate any investment, or to review the related securities positions at any time.

**Dependence on Key Individuals** – The success of the private funds depends upon the ability of Sageview investment staff to continue to develop and implement investment strategies that achieve the private funds' investment objectives. If Sageview were to lose the services of Mr. Edward Gilhuly, Mr. Scott Stuart or Mr. Dean Nelson or were to lose a significant number of other key investment staff, the consequence to the private funds could be material and adverse and could lead to the premature termination of the private funds.

**Risks of Particular Investments** – Investments by the private funds will be subject to all of the risks attendant to any investment in equity securities. In addition to the factors discussed in each private fund's PPM, investments may decline in value for any number of reasons over which the private funds have no control, including changes in the overall market for equity securities and factors pertaining to particular portfolio securities, such as management, the market for the issuer's products or services, sources of supply, scientific or technological changes within the issuer's industry, the availability of additional capital, and labor and other similar conditions.

**Inside Information** – From time to time, the members or employees of Sageview have and in the future may come into possession of material, non-public information concerning an entity in which the private funds have invested or propose to invest. This is particularly relevant to Sageview because often its employees serve as directors of the private funds’ portfolio companies. Applicable law could limit the ability of the private funds to buy or sell securities of such entity while such information remains non-public and material. The resulting illiquidity could result in delays and additional costs and transactions may be possible only at substantial discounts or not at all.

**Risk of Realization of Investments and Limited Liquidity of Some Portfolio Securities** –There is a significant risk that the private funds will be unable to realize their investment objectives by the sale or other disposition of portfolio companies at attractive prices or that they will otherwise be unable to complete any exit strategy from portfolio companies. Some portfolio securities are thinly traded and relatively illiquid, even if they are publicly traded, and a significant portion of the private funds’ portfolio could be securities not publicly traded at all. The private funds often own a relatively large percentage of an issuer’s equity securities and/or in certain situations Sageview and/or Sageview employees serve on the issuer’s board of directors. Therefore, the private funds, and/or Sageview could be deemed to be “affiliates” or “control” persons with respect to certain portfolio companies. The private funds also invest in securities and other financial instruments or obligations for which no market exists and/or which are restricted as to their transferability under federal or state securities laws. Therefore, significant legal or practical limitations could inhibit the private funds’ ability to liquidate certain of their investments properly, which could adversely affect their gain or loss on the investment. The sale of any such investments may be subject to delays and additional costs and may be possible only at substantial discounts.

**Concentration of Investments** – Each private fund’s investment portfolio could be confined to the securities of relatively few issuers. The private funds are permitted to invest (indirectly, through the applicable fund or master/feeder) up to 20% of an investor’s available capital account balance (measured as of the date the investment is made) or 20% of an investor’s committed capital, as applicable, and as further described in the relevant private fund’s PPM, in any single issuer or security. As a result of these factors, each private fund’s portfolio could be heavily concentrated, which will increase the risk of an investment in a private fund by increasing the relative impact that each portfolio investment will have on the overall performance of the private fund. As a result of this lack of diversification, a significant loss in any single issuer, or a material economic, regulatory or other change affecting a particular industry, could have a material adverse effect on the performance of a private fund.

**Expedited Transactions** – Investment analyses and decisions by Sageview will often be undertaken on an expedited basis in order for the private funds to take advantage of investment opportunities. In such cases, the information available to Sageview at the time of an investment decision could be limited, and Sageview may not have access to the detailed information necessary for a full evaluation of the investment opportunity. In addition, Sageview may rely upon independent consultants in connection with its evaluation of proposed investments. There can be no assurance that these consultants will accurately evaluate such investments.

**Middle Market Companies** – From time to time portfolio companies consist of investments in middle market companies. Although investments in middle market companies could present greater opportunities for growth, such investments could also entail larger risks than are customarily associated with investments in larger companies. Among these risks are: limited product lines, markets, and financial and other resources, dependence on additional financing, a more limited marketplace for the sale of interests, and relative illiquidity.

**Investments in Early-Stage Companies** – From time to time Sageview invests a portion of its assets in the securities of less established companies, such as start-ups, early stage companies, or new business enterprises, including, without limitation, early stage technology companies. Such companies often have shorter operating histories on which to judge future performance and in many cases, if operating, will have negative cash flow. Investments in such early stage companies and/or new businesses will involve substantially greater risks than those generally associated with investments in more established companies and there could be no partners to share the risk of loss. These risks are generally heightened in investments in early stage companies, in particular, as such companies are often highly dependent on the success of a small number of products that may not be fully developed and could be susceptible to rapid and significant changes in technology.

**Investments in Financial Services Companies** – Financial services companies have asset and liability structures that are essentially monetary in nature and are directly affected by many factors, including domestic and international economic and political conditions, broad trends in business and finance, legislation and regulation affecting the national and international business and financial communities, monetary and fiscal policies, interest rates, inflation, currency values, market conditions, the availability and cost of short-term or long-term funding and capital, the credit capacity or perceived creditworthiness of customers and counterparties, and the level and volatility of trading markets. Such factors can impact customers and counterparties of financial services companies and could impact the value of financial instruments held by financial services companies. Fluctuations in interest rates, which affect the value of assets and the cost of funding liabilities, are not predictable or controllable, can vary from country to country and could impact economic activity in various regions.

The profitability of the financial services industry could be adversely affected by a worsening of general economic conditions in domestic and international markets and by monetary, fiscal or other policies that are adopted by various governmental authorities and international bodies. Monetary policies have had, and will continue to have, significant effects on the operations and results of financial services companies.

There can be no assurance that a particular financial services company will not experience a material adverse effect on its net interest income in a changing interest rate environment. Factors such as the liquidity of the global financial markets, the level and volatility of prices of financial instruments, investor sentiment, and the availability and cost of credit could significantly affect the activity levels of customers' with respect to size, number and timing of transactions. A change in all or any of these

factors could lead to a decline in the volume of transactions that financial services companies execute for their customers and thus lead to a decline in revenues from fees, commissions and spreads.

The financial services industry is extremely competitive, and it is expected that competitive conditions in the industry will continue to intensify. Merger activity in the financial services industry has resulted in, and could continue to result in, larger institutions with greater financial and other resources that are capable of offering a wider array of financial products and services. The financial services industry has become considerably more concentrated as numerous financial institutions have been acquired by or merged into other institutions. Technological advances and the growth of e-commerce have made it possible for nonfinancial institutions to offer products and services that have been traditionally offered by financial services institutions. It is expected that cross-industry competition will continue to intensify.

The financial services industry is highly dependent on communications and information systems and is exposed to many types of operational risk, including the risk of fraud by employees or other parties, record keeping error, errors resulting from faulty computer or telecommunication systems, computer failures, and damage to computer and telecommunication systems caused by internal or external events. Financial services companies operate in a highly regulated environment and are subject to extensive legal and regulatory restrictions and limitations and to supervision, examination and enforcement by regulatory authorities. Failure to comply with any of these laws, rules or regulations, some of which are subject to interpretation and could be subject to change, could result in a variety of adverse consequences, including civil penalties, fines, suspension or expulsion, and termination of deposit insurance, which could have material adverse effects. In order to comply with banking laws, rules and regulations, a private fund could be required to invest in a manner that is not as advantageous as the manner of making investments that are not subject to such laws, rules and regulations.

**Control Position Risk** – From time to time the private funds make investments to acquire control or exercise influence over management and the strategic direction of a portfolio investment. The exercise of control over a company imposes additional risks of liability for a wide range of potential liabilities, including, without limitation, environmental damage, regulatory investigations, product defects, pension liabilities, and failure to supervise management. The exercise of control over a portfolio investment could expose the assets of the private funds to claims by the portfolio companies underlying such investment, their security holders, and their creditors. The possibility of successful claims, either directly against the private funds or resulting from indemnification obligations, and loss of capital cannot be precluded. To the extent these liabilities are realized, they may materially adversely affect the value of a portfolio company and, in certain cases, the private funds themselves. Additionally, the private funds will generally indemnify their respective general partner and Sageview from such claims and, as a result, will be indirectly exposed to any such liability incurred by such general partner and Sageview.

**Private Portfolio Investments** – With respect to investments by certain private funds in certain portfolio investments, valuation and/or liquidation of such investments may not be possible at the time an investor seeks to withdraw any portion of its capital accounts invested in a portfolio investment. Withdrawals from private funds with respect to such portfolio investments cannot be made until the investments can be liquidated or until the applicable general partner decides that a portfolio investment is no longer a portfolio investment. Therefore, investors are generally not able to readily liquidate their entire capital accounts with respect to the private funds for a significant period of time.

**Third Party Involvement** – The private funds have, and in the future may, co-invest with third parties through partnerships, joint ventures, or other entities. Such investments involve risks not present in investments where a third party is not involved, including the possibility that a third-party co-venturer or partner could at any time have economic or business interests or goals that are inconsistent with those of the private funds, or could be in a position to take action contrary to the investment objectives of the private funds. In addition, the private funds could in certain circumstances be liable for actions of their third-party co-venturer or partner.

**Investment Expenses; Broken Deal Expenses** – The investments of the private funds will require extensive due diligence, legal, and other costs prior to their consummation and could be subject to broken deal expenses if they are not consummated. The private funds will pay any fees, costs, and expenses incurred in developing, investigating, negotiating, or structuring any investment opportunities it pursues, whether or not such investments are ultimately consummated. Additionally, a private fund could enter into agreements that involve payments, such as reverse break-up fees, by such private fund if it does not consummate the transaction. These expenses can be significant and could be material to a private fund. A private fund could incur, either directly or pursuant to its obligation to reimburse Sageview for any such expenses advanced by it, significant expenses in connection with proposed investments that are not consummated without the opportunity for gain or recoupment of such expenses.

**Economic Conditions and Recent Events** – Changes in economic conditions – including, for example, interest rates, availability of credit, inflation rates, industry conditions, changes in market liquidity, competition, technological developments, political and diplomatic events and trends, tax laws and innumerable other factors – could adversely affect the value of the private funds' investments and the business and prospects of the private funds. While Sageview has maintained its investment strategy and has managed investor redemptions to date in Sageview Fund I through highly adverse conditions, there can be no assurance that Sageview will be able to maintain its investment strategy or provide the same level of cash redemptions to investors in Sageview Fund I during future periods of severe economic stress. The current global economic environment may continue to contribute to market volatility and could have long term effects on the U.S. and international financial markets. Various sectors of the global financial markets have also been experiencing an extended period of adverse conditions. These conditions have resulted in reduced liquidity, greater volatility, general widening of credit spreads, and a lack of price transparency. The short- and longer-term impact of these events is uncertain, but could have a material effect on

general economic conditions, consumer and business confidence and market liquidity. In the event of a prolonged market downturn, the private funds could be affected in many ways, including by reducing the value of performance of the investments that Sageview manages or by reducing the ability of the private funds to raise or deploy capital, each of which could negatively impact the private funds' net income and cash flow and adversely affect the private funds' financial condition. Investments made by the private funds are expected to be sensitive to the performance of the overall economy. A negative impact on economic fundamentals and consumer and business confidence would likely increase market volatility which could have a material adverse effect on the performance of the private funds and these or similar events may affect the ability to execute the investment strategies of the private funds. Sageview cannot predict how long these events will continue and cannot predict the effects of these or similar events in the future on the private funds or the global economy and securities markets.

**Market Disruptions** – The private funds could incur major losses in the event of disrupted markets and other extraordinary events in which historical pricing relationships (on which Sageview bases a number of its investment positions) become materially distorted. The risk of loss from pricing distortions is compounded by the fact that in disrupted markets many positions become illiquid, making it difficult or impossible to close out positions against which the markets are moving. Market disruptions caused by unexpected political, military and terrorist events may from time to time cause dramatic losses for the private funds, and such events can result in otherwise historically low-risk strategies performing with unprecedented volatility and risk. The financing available to the private funds from their banks, dealers, and other counterparties is typically reduced in disrupted markets. Such a reduction may result in substantial losses to the private funds.

**Investment and Trading Risks** – The private funds will invest substantially all available capital in securities, especially in equity securities. Equity markets in general are subject to fluctuations, and fluctuations are often greater within certain sectors (technology, for example). Furthermore, fluctuations tend to be greater for securities that have limited liquidity, and a relatively low per-share price. No assurance can be given that the investment portfolio will generate any income or appreciate in value or avoid substantial losses. To a limited extent, the private funds' investment programs utilize such investment techniques as margin transactions, short sales, leverage, and options on securities, which practices can, in certain circumstances, significantly increase the risks to which the private funds may be subject.

**Leveraged Investments** – The private funds occasionally invest in companies that have a significant amount of indebtedness. In addition, certain investments incur significant indebtedness in connection with various corporate transactions, such as acquisitions, self-tender offers, recapitalizations, and others. A highly leveraged company is generally more sensitive to downturns in its business and to changes in prevailing economic conditions than is a company with a lower level of debt. In addition, companies with a significant level of debt could be limited in their ability to fund expenditures and to react to changes in their businesses and industries and could be restricted in their ability to borrow additional funds.

**Potential Exposure of Assets** – Assets of a private fund could be deposited as a margin or pledged as collateral with brokers. Such assets need not be segregated and could become available to the creditors of such brokers in the event of the insolvency of such brokers. Securities pledged by a private fund as collateral with a prime broker could be available to the creditors of such prime broker in the event of such prime broker's insolvency. In certain circumstances, a prime broker could also have the discretion to liquidate a private fund's assets held by such prime broker.

**Use of Leverage** – From time to time the private funds leverage their investment positions by borrowing funds from securities broker-dealers, banks, or others. There is no limit on leverage for Sageview. From time to time, the private funds borrow significant amounts to take advantage of perceived opportunities, such as short-term price disparities between markets or related securities. Such leverage increases both the possibilities for profit and the risk of loss. Borrowings (and in some cases guarantees of performance of the private funds' obligations) will usually be from (or, in the case of guarantees, by) securities brokers, dealers and banks and will typically be secured by the private funds' securities and other assets. Under certain circumstances, such a broker-dealer could demand an increase in the collateral that secures the private funds' obligations and if the private funds were unable to provide additional collateral, the broker-dealer could liquidate assets held in the accounts to satisfy the private funds' obligations to the broker-dealer. Liquidation in that manner could have extremely adverse consequences. In addition, the amount of the private funds' borrowings and the interest rates in those borrowings, which will fluctuate, can have a significant effect on the private funds' profitability.

**Foreign Securities** – From time to time the private funds invest in foreign securities. Investments in securities of non-U.S. issuers (including foreign governments) and securities denominated or whose prices are quoted in non-U.S. currencies pose currency exchange risks (including blockage, devaluation, and non-exchangeability) as well as a range of other potential risks which could include, depending upon the country involved, expropriation, confiscatory taxation, political or social instability, illiquidity, price volatility and market manipulation. In addition, from time to time less information is available regarding securities of non-U.S. issuers, and non-U.S. companies may not be subject to accounting, auditing, and financial reporting standards and requirements comparable to or as uniform as those of U.S. companies. Transaction costs of investing in non-U.S. securities markets are generally higher than in the United States.

**Corporate Debt Securities** – From time to time the private funds invest in corporate debt securities. Corporate debt securities include corporate bonds, debentures, notes, and other similar corporate debt instruments, including convertible securities. The investment return on a corporate debt security reflects interest earnings and changes in the market value of the security. The market value of a corporate debt security will generally increase when interest rates decline and decrease when interest rates rise. There is also the risk that the issuer of a debt security will be unable to pay interest or principal at the time called for by the instrument.

**Hedging Transactions** – From time to time the private funds utilize financial instruments such as forward contracts, stock index futures and options, and swaps, caps, and floors both for investment



purposes and to seek to hedge against fluctuations in the value of the private funds' portfolios as a result of changes in currency exchange rates, market interest rates, and equity prices. Hedging against a decline in the value of a portfolio position does not eliminate fluctuations in the values of portfolio positions or prevent losses if the value of such positions decline, but establishes other positions designed to gain from those same developments, thus moderating the decline in the portfolio positions value. Such hedging transactions also limit the opportunity for gain if the value of the portfolio position should increase. Moreover, it is not always possible for the private funds to hedge against an exchange rate, interest rate, or equity price fluctuation. The private funds are not always able to enter into a hedging transaction at a price sufficient to protect the private funds from the decline in value of the portfolio position anticipated as a result of such a fluctuation.

The success of the private funds' hedging transactions will be subject to Sageview's ability to correctly predict movements in the direction of interest rates and equity prices. Therefore, while from time to time the private funds enter into such transactions to seek to reduce interest rate or equity value risks, unanticipated changes in interest rates may result in a poorer overall performance for the private funds than if they had not engaged in any such hedging transaction. In addition, the degree of correlation between price movements of the instruments used in a hedging strategy and price movements in the portfolio position being hedged may vary. Moreover, for a variety of reasons, Sageview may not seek to establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Such imperfect correlation could prevent the private funds from achieving the intended hedge or expose the private funds to a risk of loss. The successful use of hedging and risk management transactions requires skills complementary to those needed in the selection of the private funds' portfolio holdings.

**Debt Investments in Portfolio Companies** – From time to time the private funds make investments in debt instruments or convertible debt securities in connection with investments in equity or equity-related securities. Such debt could be unsecured and structurally or contractually subordinated to substantial amounts of senior indebtedness. Moreover, such debt investments may not be protected by financial covenants or limitations upon additional indebtedness and there is no minimum credit rating for such debt investments. Various factors could materially and adversely affect the market price and yield of such debt investments, including, without limitation, investor demand, changes in the financial condition of the applicable issuer, government fiscal policy, and domestic or worldwide economic conditions.

**Equity Investments Risk** – A substantial portion of investments could be in equity or equity-related investments (including, without limitation, equity investments in private companies), which by their nature involve a high degree of business, financial, market and/or legal risks that can result in partial or total losses. There can be no assurance that Sageview will correctly evaluate the nature and magnitude of the various factors that could affect the return on investments.

**COVID-19** – The recent outbreak of the novel coronavirus COVID-19 in many countries, including the United States, continues to adversely impact global commercial activity and has contributed to significant volatility in financial markets. The global impact of the outbreak has been rapidly

evolving, and as cases of the virus have continued to be identified in additional countries, many countries have reacted by instituting quarantines, restrictions on travel, bans on public events, bans on public gatherings, closures of a variety of venues (e.g., restaurants, concert halls, museums, theaters, schools and stadiums, non-essential stores, malls and other entertainment facilities) or shelter-in-place orders. The outbreak could have a continued adverse impact on economic and market conditions and trigger a period of global economic slowdown. There are no comparable recent events in the United States which provide guidance as to the effect of the spread of COVID-19 and a potential pandemic on the business, financial condition and results of operations of the portfolio companies. There is substantial uncertainty of COVID-19's potential effect on the private funds and the portfolio companies, which could have a material adverse effect on the private funds' investments and on the business, financial condition and results of operations of the portfolio companies, particularly those portfolio companies that were already highly leveraged or distressed prior to such economic downturn, and their ability to make principal and interest payments on, or refinance, outstanding debt when due. Failure to meet any such financial obligations could result in the private funds and the portfolio companies being subject to margin calls or being required to repay indebtedness or other financial obligations immediately in whole or in part, together with any attendant costs, and the private funds and the portfolio companies could be forced to sell some of their assets to fund such costs. In the event of any such consequences, the private funds could lose both invested capital in and anticipated profits from the affected investment.

**Difficulty of Locating Suitable Investments** – The activity of identifying, completing, and realizing an attractive investment opportunity is highly difficult and involves a high degree of uncertainty. Accordingly, there can be no assurance that Sageview will be able to identify a sufficient number of suitable investment opportunities.

**Competition for Investment Opportunities** – The private funds will compete for the acquisition of investments with many other funds in the marketplace, some of which will have greater resources. Some of these competitors have more relevant experience, greater financial, technical, marketing, and other resources, more personnel, higher risk tolerances, different risk assessments, lower return thresholds, lower cost of capital, synergistic cost savings, a need to invest expiring capital commitments, and access to funding sources unavailable to the private funds. Increased competition for appropriate investment opportunities could reduce the number of opportunities available to the private funds and adversely affect the terms, including, without limitation, pricing, upon which portfolio investments can be made. Such competition could be particularly acute with respect to participation in auction proceedings.

**Co-Investments** – See under “Co-Investors” above.

**Enhanced Relationships with Certain Limited Partners** – In some cases, investors could directly or indirectly (through an affiliate) provide financing, insurance, advisory or other services to Sageview or a private fund or one or more of the private fund's portfolio companies. To the extent Sageview, any such private fund or any such portfolio company is seeking a provider of such services, they may be incentivized to procure such services from an investor (or one of its affiliates)

on a basis other than best execution, best price or other similar basis. Such investors could also be aligned with Sageview, a private fund or one or more portfolio companies in manner that could give rise to conflicts of interest to the extent such investors are represented on the advisory committee of the applicable private fund. Prospective investors should expect that certain investors have such enhanced relationships with Sageview, a private fund or one or more of its portfolio companies and that such relationships give rise to conflicts of interest for the both Sageview and such investors.

**Side Letters** – The private funds have entered into and may in the future enter into “side letter” agreements with certain prospective or existing investors whereby such investors are subject to terms and conditions that are more advantageous than those set forth in the private fund’s governing documents. For example, such terms and conditions provide for special rights to make future investments in the private funds, other investment vehicles or managed accounts; special withdrawal rights, relating to frequency, notice or fees; a reduction or rebate in management fees, incentive allocations or withdrawal charges to be paid by the investor and/or other terms; rights to receive reports from the private funds on a more frequent basis or that include information not provided to other investors (including, without limitation, more detailed information regarding portfolio investments) and such other rights as are negotiated by the private funds and such investors. The modifications are solely at the discretion of the private funds and, among other things, could be based on the size of the investor’s investment in the private funds or affiliated investment entity, an agreement by an investor to maintain such investment in the private funds for a significant period of time, or other similar commitment by an investor in the private funds.

#### **Item 9 - Disciplinary Information**

Neither Sageview nor any of its management persons have been involved in any legal or disciplinary event in the past ten years that would be material to a client evaluation of Sageview’s advisory business or the integrity of Sageview and its management persons.

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

Sageview and its employees do not have any relationships or arrangements with other financial services companies that pose material conflicts of interest. Except as set forth in a private fund’s offering documents, no Sageview person is obligated to devote any specific amount of time to the affairs of the funds. Furthermore, senior professionals of Sageview, and other officers and employees of Sageview may, from time to time, serve on the boards of directors of one or more entities in which one or more of the private funds has invested. In addition, certain Sageview persons may, from time to time, provide certain services to the firm, the funds, and one or more of the investments or companies in which the funds invest. As a result, there may be a number of conflicts of interest which may arise, which could adversely affect the funds.

Employees of Sageview may serve as directors and officers of certain portfolio companies and, in that capacity, will be required to make decisions that consider the best interests of such portfolio companies and their respective shareholders. In certain circumstances, for example in situations involving bankruptcy or near-insolvency of a portfolio company, actions that may be in the best interests of the portfolio company may not be in the best interests of the respective private fund,

and vice versa. Accordingly, in these situations, there will be conflicts of interest between such individual's duties as an employee of Sageview and such individual's duties as a director or officer of such portfolio company and an employee of Sageview may act in the best interest of a portfolio company rather than in the best interest of the respective private fund. Sageview has implemented policies and procedures for employees of Sageview to disclose any director or officer positions so that such conflicts of interest can be monitored.

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

Sageview has adopted a code of ethics (see "Code of Ethics" section below) and implemented procedures relating to personal securities transactions and insider trading that are designed to detect and prevent (or otherwise mitigate) actual conflicts of interest. The Chief Compliance Officer ("CCO") or his designee, among other things, monitors employee trading relative to the private funds' holdings/trading, companies with which Sageview, its partners, or its employees receive material non-public information in an attempt to prevent employees from engaging in improper personal securities transactions and to otherwise detect and prevent potential conflicts of interest.

Sageview, its partners, and/or its employees could give advice and take action for their own accounts or the private funds that differs from advice given and action taken on behalf of the private funds. In addition, Sageview partners and/or employees could invest in third-party private investment funds that invest in some of the same securities Sageview invests in on behalf of the private funds. Further, from time to time, Sageview, its affiliates, their employees, and/or their partners could have an investment position or interest in the same securities recommended to or owned by the private funds. As such, Sageview could purchase or sell for the private funds securities of an issuer in which Sageview, its affiliates, their employees, and/or their partners also have an investment position or interest.

#### **Code of Ethics (the "Code")**

Sageview and its affiliates have adopted the Code in accordance with Rule 204A-1 under the Advisers Act to govern, among other things, personal securities transactions by employees and to ensure that the interests of employees do not conflict with the interests of clients, including private funds and their investors. A basic tenant of the Code is that the interest of clients is always placed first. The Code includes standards of conduct requiring Sageview employees to comply with federal securities laws and the fiduciary duties an investment adviser owes to its clients. A copy of the Code is available upon request.

Under the Code, no access person<sup>2</sup> may engage in a transaction in any security of a Contractually Restricted Company<sup>3</sup> or in any security of any company when one or more individuals at Sageview may have material, non-public information. The Code also requires employees to pre-clear any transactions in any permitted securities. All employees must provide to Sageview reports of their personal transactions, which may consist of monthly or quarterly brokerage statements for all accounts in which they have a beneficial interest, except for accounts that only hold securities exempt from the reporting requirements.

The Code also requires all employees of Sageview to comply with ethical restraints relating to investors and their accounts, including restrictions on giving gifts to, and receiving gifts from, investors in violation of Sageview's gift policy as well as provisions intended to prevent violations of laws prohibiting "insider trading", as discussed below. If you have questions regarding Sageview's Code of Ethics, or to receive a copy of it, please contact our Chief Compliance Officer, Dino Verardo, at 203-625-4200 or [Dino@sageviewcapital.com](mailto:Dino@sageviewcapital.com).

#### Statement on Insider Trading

Sageview, its partners, and/or its employees, from time to time, come into possession of material non-public or other confidential information which, if disclosed, might affect an investor's decision to buy, sell, or hold a security. Under applicable law, Sageview, its partners, and its employees are generally prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any other third party. Accordingly, should Sageview, its partners, and/or its employees come into possession of material non-public or other confidential information with respect to any company, they will generally be prohibited from communicating such information to, or using such information for the benefit of, Sageview's clients. Sageview has adopted a Statement on Insider Trading in accordance with Section 204A under the Advisers Act, which establishes procedures to prevent the misuse of material non-public information by Sageview, its partners, and its employees.

#### Participation by Sageview Personnel in Private Fund Profits

Certain partners and other employees of Sageview are permitted to invest directly in the private funds and will participate in the private funds' investments, pro rata, in accordance with their capital account balances or capital commitments, as applicable. In addition, Sageview partners hold

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<sup>2</sup> The term "**Access Person**" means (i) any Supervised Person who (1) has access to non-public information regarding a Client's purchase or sale of Securities; or (2) is involved in making Securities recommendations to Clients or who has access to such recommendations that are non-public; (ii) all of the directors, officers or partners of Sageview and (iii) any other person who the CCO determines to be an Access Person. The term "**Supervised Person**" means (i) any director, partner, or officer of Sageview or other person occupying a similar status or performing similar function; (ii) any employee of Sageview and (iii) and other persons who provide advice on behalf of Sageview and are subject to Sageview supervision and control.

<sup>3</sup> Any company with which Sageview has entered a standstill or non-disclosure agreement that include terms restricting certain trading activity.

interests in the general partners and management companies of the private funds and in this manner share in revenue generated by private funds (e.g., performance allocation and management fee revenue). The fact that Sageview partners hold interests in the general partners and management companies of the private funds creates a potential conflict in that it could cause Sageview to make different investment decisions than it would if such parties did not have such financial ownership interests. Sageview may have an incentive to favor private funds in which such persons have an interest with respect to trading opportunities, trade allocation and allocation of investment opportunities. Finally, investments by Sageview employees and their family members are generally not subject to the management fees or performance fees incurred by investors in the private funds.

## **Item 12 - Brokerage Practices**

### **Prime Broker & Custodians**

Sageview may select one or more firms to serve as its prime broker or custodian (collectively “prime broker”) to hold the funds and securities of, and execute transactions for, the private funds, consistent with its duty to seek to achieve best execution. In addition to custody and execution, a prime broker may provide other core functions (including, but not limited to, reporting, clearing, financing, securities lending, and client service) as well as value-added items (including, but not limited to, advanced research and analytics and technology services) to the private funds. Sageview may select prime brokers that provide specific services to the private funds (including, but not limited to, electronic access to account information and trade confirmations and access to specialized customer service personnel) that it believes will allow the private funds to operate effectively and efficiently.

Sageview, on behalf of the private funds, has currently entered into custodial relationships with Silicon Valley Bank and JPMorgan (“Custodians”) for the Sageview Funds. The Custodians will clear (generally on the basis of payment against delivery) the private funds securities transactions (which may be effected through broker-dealers) and serve as custodian of some of the Sageview Funds assets.

Sageview is not required to maintain its relationship with these Custodians and may change or add additional prime brokerage relationships at any time. However, Sageview will provide appropriate notice upon opening such an account and upon any changes to relevant information about the prime broker(s) or the manner of custody.

### **Trade Aggregation and Allocation**

Sageview Fund I generally conducts its trading activities through a master-feeder structure, and thus the feeder funds and the underlying investors generally participate in investment activities pro rata based on their respective capital account balances in the master fund.

Sageview Fund II and Sageview Fund III generally conduct their trading activities through a parallel fund structure, and thus the parallel funds and the underlying investors generally participate in investment activities pro rata based on their respective capital commitments to each of the private funds.

All new investments made by Sageview for its funds will be allocated to Sageview Fund III other than (i) investment opportunities related to any existing portfolio holdings of Sageview Fund I, Sageview Fund II and their respective affiliates, (ii) investment opportunities currently under exclusivity designated for Fund II and (iii) investments that may, in the reasonable belief of the respective general partner, cause Sageview Fund III to fail to qualify as a VCOC under ERISA.

#### Cross Trades and Principal Trades

As is consistent with its duty to seek to obtain best execution, occasionally Sageview may engage in cross trades for the accounts of its private funds. A cross trade occurs when Sageview purchases and sells a particular security between the accounts of two or more private funds by instructing brokers to cross the trade. Sageview generally utilizes “cross” trades to address account funding issues and when it specifically deems the practice to be advantageous for each private fund. Sageview does not receive additional compensation when crossing trades for the accounts of two or more private funds. Sageview will seek to ensure that the terms of the transaction, including the consideration to be paid or received, is fair and reasonable, and that the transaction is consummated for the sole benefit of the private funds. In addition, cross trades may be effected between the accounts of two or more private funds subject to the following guidelines: (i) such transactions shall be effected for cash consideration at the current market price of the particular securities, and (ii) no extraordinary brokerage commissions or fees (i.e., except for customary transfer fees or commissions) or other remuneration shall be paid in connection with any such transaction.

Sageview and its members, principals, employees or affiliates may beneficially own, or be deemed to beneficially own, a significant interest in a private fund. As a result, certain transactions could be viewed as principal trades between Sageview (and/or its members, principals, employees or affiliates) and the relevant private fund, and, therefore, to the extent required by law, Sageview will adopt certain additional procedures to be followed to address any conflict of interest with respect to these transactions. Such procedures would provide for an independent advisory board to review information with respect to each transaction and, based upon such information, will approve or deny the transaction on behalf of the applicable client accounts prior to its execution.

#### Trade Error Policy

As a general practice, Sageview attempts to cause any broker or other service provider responsible for a trade error to reimburse affected clients for any losses resulting from the trade error. If Sageview causes a trade error, Sageview does not reimburse its clients for any losses resulting from the error, unless the loss was a result of bad faith, gross negligence, or willful misconduct on the part of Sageview. In addition, Sageview will not compensate clients for lost opportunities associated with trade errors. Finally, if a trade error results in a gain, the gain generally will accrue to the benefit of the affected client accounts.

The limitation on Sageview liability to clients for losses is described in the offering documents for the private funds. The self-assessment by Sageview as to whether a trade error resulted from bad

faith, gross negligence, or will misconduct may expose Sageview to a potential conflict of interest. Sageview may have an incentive to determine that it does not have to reimburse its clients for trade error losses.

In an attempt to mitigate this conflict, Sageview's trade error procedures require employees to notify the CFO/CCO upon the discovery of a possible trade error. If the trade error is material in nature or cannot be easily resolved, the CFO/CCO shall investigate and arrange for appropriate action to take place with respect to the error. If deemed necessary, the CFO/CCO shall consult with outside counsel regarding the resolution of the situation. The procedures require that Sageview maintain documentation discussing the factors considered by Sageview in determining whether a trade error was due to its bad faith, gross negligence, or willful misconduct. Due to the nature of Sageview's business, it is unlikely that Sageview will have any trade errors.

### **Item 13 - Review of Accounts**

Accounts under Sageview's management are monitored on an ongoing basis by the Investment Committee members and the CCO, generally on a quarterly basis or more frequently if market circumstances warrant. Periodic account reviews consist of an analysis of the account's performance to date in light of its investment objectives and an evaluation of any appropriate changes which should be made to its portfolio in light of its current positions, the exposure of the portfolio to various forms of risk, and Sageview ongoing assessment of the overall market, current portfolio companies, and alternative investment opportunities. In addition, because certain of the investment limitations of the private fund are measured at the time of investment, compliance with such investment limitations are generally verified at the time of each new investment.

Private fund investors receive written reports as described in the applicable PPM. Sageview generally supplies quarterly capital account balance statements and quarterly letters to investors that may include investment and market summaries as well as the performance of the applicable private fund versus that of a benchmark selected for comparison to broad market performance. Each investor in an onshore private fund also receives a Schedule K-1 for tax purposes; each investor in an offshore private fund will receive either a Schedule K-1 or other annual tax information needed for the preparation of their tax returns. To comply with Rule 206(4)-2 (the "Custody Rule") of the Advisers Act, annual audit reports are generally provided within 120 days following a private fund's fiscal year end.

Sageview and/or the applicable general partner of the private funds may offer certain investors, upon verbal request or through written side letter agreements, additional information and reporting that other investors may not receive, and such information may affect an investor's decision to request a withdrawal, to the extent permitted by the applicable fund, or transfer of its interests. Sageview's CFO/CCO, as relevant, will internally review the information provided to investors in order to detect and prevent potential concerns with respect to information flow, such as a combination of enhanced transparency and liquidity that could benefit particular investors to the detriment of other investors.



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

Sageview does not compensate third parties for client referrals. In addition, Sageview does not receive any other economic benefits from non-clients in connection with the provision of investment advice to clients.

Sageview may compensate a third-party placement agent for investor referrals unless prohibited by applicable law or regulation. In such cases, investors are notified of the material facts of such solicitation arrangements, and any compensation paid by the fund to the third-party placement agent reduce the investor's management fee by the same amount.

#### **Item 15 - Custody**

As general partner and/or investment manager of the private funds, Sageview and/or its affiliates have the authority to directly access the funds of such private funds. Sageview and/or its affiliates have the authority to automatically deduct fees and expenses payable to Sageview, the applicable general partner of the private funds, and/or third-party custodian (i.e., the prime broker). In each such case, Sageview will be deemed to have custody of the client's assets under the Custody Rule. Sageview will comply with the requirements of the Custody Rule with regard to such custody. Investors in the private funds will receive audited financial statements annually, prepared in accordance with generally accepted accounting principles, within 120 days after the end of the fiscal year of each such fund.

Pursuant to SEC IM Guidance Update No. 2014-07 Private Funds and the Application of the Custody Rule to Special Purpose Vehicles and Escrows, the Registrant deems a special purpose vehicle (the "SPV") formed to hold a specific portfolio position as a client solely for purposes of Rule 206(4)-2 under the Advisers Act (the "Custody Rule"). To comply with the Custody Rule, the SPV is subject to an annual audit and audited financial statements are distributed to each investor in the SPV.

#### **Item 16 - Investment Discretion**

Sageview is retained with respect to its private fund clients on a discretionary basis and is authorized to make the following determinations in accordance with a private fund's specified investment objectives without consultation or consent before a transaction is effected (unless consultation is required with respect to principal trades, which Sageview does not intend to employ as part of its standard investment strategy):

- The securities to buy or sell;
- The total quantity/amount of securities to buy or sell;
- The broker or dealer through whom securities are bought and sold;
- The commission rates at which securities transactions are effected; and

- The prices at which securities are to be bought or sold, which may include dealer spreads, mark-ups/mark-downs, and transaction costs.

Sageview has investment discretion over the private funds' accounts, including the amount and price of securities bought and sold, the preferred broker-dealer, and the commission rate. Investors generally cannot place restrictions on Sageview investment discretion with respect to the private funds.

While the general partner of a client is responsible for the management, policies and operations of a private fund, it generally grants authority to Sageview to make investment recommendations and monitor investments, as more fully described in the investment advisory agreement executed among the general partner and such private fund at the outset of the advisory relationship. In all cases, however, this discretion is to be exercised in a manner consistent with the investment strategy and objectives of such private fund. When making investment recommendations, Sageview observes the investment policies, limitations and restrictions that are applicable to a private fund.

Sageview reserves the right to charge reduced or no investment management and performance-based fees to certain Sageview affiliates, as well as Sageview's employees, consultants, and their immediate family members. Sageview shall have no obligation to disclose specific details of such arrangements or to offer such additional rights, terms, or conditions to all investors. Private fund investors typically execute a subscription agreement and governing documents of the private funds in connection with their investment in a private fund that each generally contain a power of attorney that grants an affiliate of Sageview certain powers related to the orderly administration of the affairs of the private fund.

#### **Item 17 - Voting Client Securities**

Sageview has written proxy voting policies and procedures as required by Rule 206(4)-6 under the Advisers Act. Sageview's policy is to vote proxies with the aim of furthering the best economic interests of its private funds, generally by promoting high levels of corporate governance and adequate disclosure of company policies and practices. Sageview will generally vote proxies as directed by the portfolio manager, with assistance from analysts. Investors cannot direct Sageview as to how to vote in a particular solicitation. Sageview reserves the right, on occasion, to abstain from voting a proxy or a specific proxy item when it concludes that the cost of voting outweighs the potential benefit or when Sageview otherwise does not believe voting serves its private funds' best interests. The mechanics of proxy voting are handled by Sageview.

Due to the nature of Sageview's business and structure, Sageview does not believe it is likely that material conflicts of interest will arise in voting proxies of portfolio companies. However, material conflicts of interest could arise in certain circumstances, such as, for example, where an investor in a private fund is associated with the company soliciting the proxy or actively supporting a proxy proposal, or where a partner or executive officer of Sageview has personal or other business relationships with participants in a proxy contest (such as a company director or a proponent of the proxy proposal). Sageview takes steps to identify the existence of any material conflicts of interest

relating to the securities to be voted and/or the issues at hand. For example, Sageview employees must disclose to the CCO any potential personal conflicts known to them and potential conflicts based on business relationships or dealings. In considering whether a material conflict of interest exists, the CCO may consult with the other partners of Sageview and other persons he deems relevant in making a determination.

In the absence of a finding of a material conflict of interest relating to the proxy vote at hand, the recommendation to vote the proxy as directed by the portfolio manager, with assistance from analysts, or to abstain from voting the proxy, shall be deemed to have been made in the best interests of the private funds. If, however, the CCO determines that the recommendation may have been influenced by a material conflict of interest, the proxy shall be voted in accordance with one of the following methods: (i) if feasible, in the manner determined to be in the best economic interests of the private funds by a Sageview partner not impacted by the conflict of interest or by Sageview's Management Committee, (ii) in the manner determined to be appropriate by the CCO in consultation with outside counsel, or (iii) in accordance with the recommendations of an independent third-party proxy voting service. The CCO shall make and maintain in accordance with this policy a written record memorializing his determination of the existence of a conflict of interest and the basis for the voting decision taken with respect to each proxy considered.

Investors in the private funds may obtain a copy of Sageview's written proxy voting policies and procedures as well as information on how Sageview voted proxies for the private funds by requesting such information. Please contact Dino Verardo, CCO, at 203-625-4200.

#### Class Action Lawsuits

Sageview will complete class action documents when it believes that doing so would be in the best interests of the private funds. Sageview may abstain from attempting to participate in a class action lawsuit involving a portfolio company when it believes that the potential benefit of participating outweighs the cost or when Sageview otherwise believes it is not in the best interest of its private funds to participate.

#### **Item 18 - Financial Information**

Sageview has never been subject to a bankruptcy petition and is not aware of any financial condition that is expected to affect its ability to manage client accounts.