

Part 2A of Form ADV: HEP Partners LLC - Brochure

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This Brochure provides information about the qualifications and business practices of HEP Partners LLC. If you have any questions about the contents of this Brochure, please contact us at (214) 615-2292. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

This Brochure does not constitute an offer, solicitation or recommendation to sell or an offer to buy any securities, investment products or investment advisory services. Such an offer may only be made to eligible persons by means of delivery of applicable governing and offering documents and other similar materials that contain a description of the material terms relating to such investment.

Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an investment adviser provide you with information about which you determine to hire or retain an investment adviser.

Additional information about HEP Partners LLC also is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 - Material Changes

The date of the last annual updating amendment to our firm brochure was on March 29, 2019. A summary of certain of the material changes that have been made to our firm brochure since the date of our last annual updating amendment is set forth below:

- Additional information and disclosures regarding the General Partners (as defined herein), our investment advisory and management services and side letters entered into with certain investors were added to Item 4.
- We updated our regulatory assets under management in Item 4.
- An affiliate of the Adviser may enter into services agreements with portfolio companies pursuant to which such affiliate provides certain administrative services in return for fees. See Item 5.
- Management fees generally are prorated with respect to any partial calendar quarters. See Item 5.
- We added additional disclosures to Item 6 regarding the conflicts of interest associated with the carried interest or performance-based compensation and how the Adviser generally attempts to mitigate or address such conflicts.
- Various additions, changes and additions were made to the risk factor disclosures set forth in Item 8.
- We added additional disclosures to Item 10 regarding portfolio company relationships and conflicts and the Adviser's affiliation with Hicks Holdings, LLC.
- The Adviser, the General Partners and affiliates and agents thereof from time to time may cause a Fund to enter into transactions, arrangements or agreements that involve actual or potential conflicts of interest. See Item 11.
- We made various changes, revisions and updates to the brokerage practices disclosed in Item 12.
- In Item 13, we added disclosures regarding our review of accounts (including an overview of what such reviews typically include).
- We made clarifying changes and updates to the disclosures regarding our investment discretion in Item 16.

The information set forth herein is qualified in its entirety by the applicable governing documents. In the event of a conflict between the information set forth in this brochure and the information in the applicable governing documents, such documents shall control.

We encourage all investors to carefully review this brochure and the governing and offering documents with respect to each applicable fund in their entirety.

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Item 4 - Advisory Business

- A. HEP Partners, LLC (the “Adviser” or “we”, “our” or “us”) is a private equity firm located in Dallas, Texas that was formed in 2012. The Adviser provides investment advisory, management, supervisory and other services on a discretionary basis to affiliated private investment limited partnerships making privately negotiated equity and equity-related investments (each, a “Fund”, and together, the “Funds”). Our investment advice is provided in accordance with the investment objectives, strategies, guidelines, restrictions and limitations set forth in the applicable governing and offering documents of each Fund including subscription documents, partnership agreements, side letters, investment management agreements and capital call notices (with respect to each Fund, the “Governing Documents”), and the information in this brochure is qualified in its entirety with respect to each Fund by the information set forth in its Governing Documents.

We do not act as general partner of any Fund; rather, certain of our affiliates act as general partners of the Funds (the “General Partner” or collectively, the “General Partners”). The General Partners are under common control with the Adviser, and have substantially the same personnel and/or equity owners as the Adviser (directly or indirectly). The General Partners were or are formed for tax, regulatory or other purposes in connection with the organization of the Funds and operate as a single advisory business together with the Adviser. Where the context otherwise requires, any reference to “we,” “us,” “our” or “Adviser” in this brochure includes any applicable General Partners, where and as applicable.

The Adviser is owned and controlled by Thomas O. Hicks (the “Principal”).

- B. Our investment advisory and management services consist of, among other things, investigating, researching, identifying and evaluating investment opportunities, structuring, negotiating, and making investments on behalf of the Funds, managing and monitoring the performance and operations of such investments, and disposing of such investments (including establishing each Fund's investment objective and selecting and making portfolio investment(s) according to such Fund's specific investment objective and strategy, as described in the applicable Governing Documents). The investment activity of the Adviser generally focuses on acquisitions with the following criteria: (i) an attractive valuation; (ii) situations in which the opportunity exists to form a strong operating partnership with a talented management team; (iii) situations where the Adviser believes it has a proprietary investment angle given its prior investments or relevant industry expertise; and (iv) a compelling growth story.

The Adviser seeks to identify acquisition opportunities in an area of the market known as “the middle market”. Although every firm defines the middle market differently, the Adviser seeks transactions ranging in enterprise value from \$5 million to \$200 million or more. The Adviser believes that this segment of the private equity market is attractive given the fact that it is often overlooked by private equity firms with significant amounts of capital under management, which makes such middle market acquisitions of insufficient size. The Adviser also believes the middle market is an attractive segment into which to invest given the opportunities to: (i) recruit, using the Adviser's network, more qualified and talented operating executives; (ii) secure bank financing that such companies could not otherwise secure on their own; (iii) make acquisitions that target companies would otherwise be unable to make; and (iv) enhance target companies' business practices as they pertain to operating and financial initiatives. For more information, see Item 8 below.

- C. We provide investment advice and services to each Fund in accordance with the investment objective, strategies, policies, guidelines, terms, conditions, procedures and limitations set forth in the applicable Governing Documents, and not in accordance with the individual needs or objectives or strategies of any particular investor in such Fund. Investors generally are not permitted to impose restrictions or limitations on the Adviser's management of the Funds. In general, each Fund is organized and established by an affiliate of the Adviser to invest or acquire interests in a single portfolio company.

Notwithstanding the foregoing, the General Partners have entered into, and may from time to time in the future enter into, side letter agreements or similar agreements or arrangements (commonly referred to as "side letters") with certain investors in such Funds that have the effect of establishing rights or terms under, or altering, modifying, changing, waiving, adjusting or supplementing the terms of, the Governing Documents of such Funds in respect of such investors. Among other things, side letters entitle or may entitle an investor in a Fund to lower or more beneficial fees, information or transparency rights or benefits, most favored nations status, notification rights or terms or provisions necessary or advisable in light of or as a result of particular legal, regulatory, self-regulatory, administrative, public policy, or internal policy considerations of or related to an investor and/or other preferential or beneficial rights and terms.

- D. As of December 31, 2019, the Adviser had approximately \$264,443,390 in regulatory assets under management, all of which were managed on a discretionary basis.

Item 5 - Fees and Compensation

- A. Below is a general overview of how the Adviser and its affiliates generally are compensated in connection with providing advisory services to a Fund. The Adviser may enter into different fee or compensation arrangements on a Fund by Fund (and investor by investor) basis in its sole discretion. With respect to each Fund, the specific fees, compensation and other remuneration that are paid or payable to, or received by, the Adviser or an affiliate thereof are set forth in the applicable Governing Documents. As a result, investors should carefully review and rely on the applicable Governing Documents for a description of the fees and compensation applicable to a Fund.

Capital Commitments

Each Fund will seek capital commitments (“Commitments”) from investors in one or more closings up to an amount stated in the Fund’s Governing Documents. Capital calls with respect to Commitments may be required from time to time for a period stated in each Fund’s Governing Documents (the “Commitment Period”). Commitments generally will be drawn down pro rata based on original Commitments on an as needed basis to fund investments and pay expenses and costs of each Fund. Thereafter, the limited partners generally will be released from any further obligation with respect to their undrawn Commitments, except to the extent necessary to; (i) cover or pay the expenses and liabilities of the Fund, including any management fees and indemnification obligations; (ii) complete investments by the Fund in respect of transactions that were in process as of the end of the Commitment Period; (iii) make follow-on investments in portfolio companies in an aggregate amount of up to a stated percentage of the total Commitments; and (iv) fund portfolio company guarantees or pay loans that exist as of the end of the Commitment Period. In no event will a limited partner be required to make a capital contribution in an amount in excess of its unfunded Commitment (except to the extent required by law or permitted pursuant to the Governing Documents).

Management Fees

Subject to the terms and conditions set forth in the applicable Governing Documents of a Fund, we are or may be entitled to receive annual management fees (the “Management Fee”) of up to two percent (2%) of total capital contributions, payable quarterly in advance from the date of the initial closing of such Fund until certain conditions are met as specified in such Fund’s Governing Documents. The General Partner may assign Management Fees to the Adviser and/or its affiliates. As disclosed below, Management Fees may be subject to offset or reduction in certain instances pursuant to the terms of the applicable Governing Documents.

Carried Interest

With respect to each Fund, net proceeds attributable to the disposition of an investment in a portfolio company, together with any dividends or interest income with respect to that investment (“Disposition Proceeds”), generally will be distributed to the applicable partners participating in that investment as set forth in the applicable Governing Documents. Generally, with respect to a Fund, the General Partner generally is entitled to receive a share of investment proceeds of up to twenty-five percent (25%) of the realized profits relating to the realized investments of such Fund, after; (i) a return of capital to participating investors equal to their capital committed to fund the investment and pay for fund expenses relating to that realized

investment; and (ii) in some cases, the payment of a stated preferred return to participating investors. These distributions to the General Partner are referred to as the “carried interest.”

Distributions; Clawback

Distributions to the investors will be subject to certain adjustments and reserves as stated in more detail in each Fund’s Governing Documents.

Upon the final liquidation of a Fund and distribution of its remaining assets, the applicable General Partner typically is required to restore amounts to the Fund for distribution to the limited partners (up to the amount of its cumulative net after-tax carried interest) to the extent, if any, that the amount previously distributed to the General Partner as its carried interest exceeds the aggregate amount due to the General Partner as its carried interest on a cumulative basis.

Management Fees and the carried interest generally are negotiable and the General Partners have entered into and may in the future enter into side letters with certain investors pursuant to which the General Partners have agreed to reduce or waive the Management Fees and/or the carried interests applicable in connection with their investments in the Funds.

Transaction and Oversight Fees

In connection with the investments of certain Funds, various “Transaction Fees” and “Oversight Fees” (and similar types of fees) are paid or payable or may be paid or payable to affiliates, officers, consultants or agents of the Adviser or an affiliate thereof by a portfolio company or other third parties, as disclosed in the applicable Governing Documents.

Transaction Fees typically include any fees and reimbursement of expenses received in connection with the consummation, disposition or termination of an investment attributable to the Fund and/or any fees received from a portfolio company, such as break-up fees, commitment fees, investment banking fees, termination fees, portfolio company management fees, directors’ fees, and other similar fees.

Oversight Fees typically include fees paid in exchange for; assisting portfolio companies in the definition and implementation of business strategy; oversight of results; evaluation of business opportunities, such as acquisitions, mergers, or divestitures; and assistance with respect to financial matters, such as optimal capital structures and market knowledge.

Subject to the applicable terms and conditions set forth in the Governing Documents of each Fund, the Adviser and its affiliates, officers and agents generally are not required to share any Transaction Fees, Oversight Fees or similar fees or compensation received by them in connection with the Funds with the Fund or the investors, but, in certain instances, a Fund’s allocable share of the net amount of such fees received by the Adviser and its affiliates, agents and officers with respect to such Fund may result in an offset or reduction in the Management Fees or are or may be received or retained by the Adviser and its affiliates in lieu of Management Fees.

- B. Management Fees are payable, and may be payable, out of current income, Disposition Proceeds of the Fund, drawdowns of Commitments or any other assets of the Fund determined by the General Partner to be available for such purpose (pursuant to the terms of the applicable Governing Documents). Transaction Fees and Oversight Fees are not paid or payable directly

by the Funds (or the investors), but are paid or borne by either the applicable portfolio company or other third parties. Carried interest distributions are made directly to the applicable General Partner or an affiliate thereof from time to time out of investment proceeds received by the Fund.

- C. The General Partners, the Adviser and affiliates generally will pay all of their respective ordinary administrative and overhead expenses, including salaries of employees, benefits and rent.

Subject to the terms set forth in the applicable Governing Documents and in addition to the carried interest and, if applicable, Management Fee, each Fund generally will pay all costs and expenses attributable to the activities of the Fund including, without limitation: (i) all organizational expenses of such Fund and its General Partner; (ii) all out-of-pocket costs of the administration of the Fund, including accounting, audit, annual financial statement, federal income tax and Form K-1s, tax return preparation, consulting and legal expenses, costs of holding any meetings of partners, costs of any liability insurance obtained on behalf of the Fund and/or the General Partner, costs associated with the maintenance of books and records of the Fund, and costs associated with the preparation and dispatch to partners of checks, financial reports, and notices, and providing other information to existing and prospective investors; (iii) all expenses incurred in connection with the registration, qualification, or exemption of the Fund under any applicable laws; (iv) all expenses incurred in connection with the preparation of alterations and amendments to the Governing Documents; (v) subject to any applicable provisions of the Governing Documents, all expenses incurred in connection with any litigation involving the Fund (including the cost of any investigation and preparation) and the amount of any judgment or settlement paid in connection therewith; (vi) subject to any applicable provisions of the Governing Documents, all expenses for indemnity or contribution payable by the Fund; (vii) all expenses incurred with administrative proceedings and/or audit relating to the Fund's tax matters; (viii) all expenses incurred in connection with the dissolution and liquidation of the Fund; (ix) all expenses incurred on account of taxes, fees, or other governmental charges of the Fund; (x) all expenses incurred in connection with the acquisition, holding, and disposition of investments and all third party expenses incurred in connection with transactions not consummated; and (xi) all expenses incurred in connection with monitoring or engaging any transactions with a portfolio company.

Portfolio companies or third parties (and affiliates thereof) from time to time pay or reimburse certain personnel and affiliates of the Adviser and their related persons (including co-investors) for various expenses and costs incurred in connection with providing services to portfolio companies. Such expenses include, among other things, consulting fees or other compensation paid to affiliates of the Adviser, travel costs and expenses, (which may include first, business or coach class commercial travel or private charter travel (including non-commercial aircraft), lodging, and meals), meals and entertainment expenses and other expenses associated with management and other services provided to such portfolio companies. In addition, an affiliate of the Adviser may enter into services agreements with portfolio companies pursuant to which such affiliate provides certain administrative services in return for fees, subject to the terms and conditions set forth in the applicable Governing Documents.

The investment strategies employed with respect to the Funds generally do not involve the purchase or sale of publicly offered securities, and, as such, do not typically entail expenses related to brokerage commissions.

The foregoing is not intended to be exhaustive and is qualified in its entirety by the provisions in the applicable Governing Documents of each Fund.

- D. As stated above, any Management Fees are payable quarterly in advance. In the event that a Fund is terminated or dissolved, a proportionate share of any unearned Management Fees will be refunded to the applicable investors. Management Fees generally are prorated with respect to any partial calendar quarters (based upon the number of days remaining or elapsed in such quarter).
- E. Notwithstanding the foregoing, the General Partners and certain of their affiliates have entered into (and may in the future enter into) side letters with one or more investors that alter, modify or change the terms of the interests held by those investors (including, without limitation, reductions or changes to fees, most favored nations status, information rights, transparency rights and various other preferential rights or terms).
- F. Other than as described above, neither the Adviser nor any of its supervised persons receives any compensation from the sale of securities or other investment products.

Item 6 - Performance-Based Fees and Side-By-Side Management

As stated in Item 5 above, the General Partners (which are affiliates of the Adviser) generally receive or may receive performance-based fees from the Funds in connection with any Disposition Proceeds that are distributed to partners relating to dispositions of investments in portfolio companies (as “carried interest” distributions). These payments are subject to Section 205(a)(1) of the Investment Advisers Act of 1940, as amended (the “Advisers Act”), in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3.

Performance-based fees (the carried interest), in general, may create an incentive for the Adviser and its affiliates to make investments that are riskier and more speculative than would be the case in the absence of a performance-based fee. The method of calculating the carried interest may result in conflicts of interest with respect to the management and disposition of investments, including the sequence of dispositions. Certain of our individual employees, agents and affiliates may be compensated to some extent based upon investment profits for which they are responsible and, accordingly, may face the same conflict.

The Adviser generally attempts to mitigate or address the conflicts of interest associated with these carried interest distributions through (i) the requirement that invested capital, a preferred return and expenses be returned to investors before the General Partners are entitled to receive any carried interest distributions, (ii) a material investment in each Fund by affiliates of the Adviser and/or (iii) requiring the General Partners to return or clawback any excess carried interest distributions received by them.

The Adviser manages multiple Funds with similar or different investment strategies on a side-by-side basis. As a result of the foregoing, the Adviser and its affiliates and agents have or may have conflicts of interest in: (i) allocating their time and activity among the multiple Funds (and the underlying portfolio companies owned by such Funds); and (ii) effecting transactions among the multiple Funds, including ones in which the Adviser, its principal(s), and/or affiliate(s) may have a greater financial interest. These conflicts of interest create or may create an incentive for the Adviser to favor a Fund in which the Adviser and/or affiliate(s) have a greater financial interest with respect to allocation of time and activity, limited investment opportunities, or investments that the Adviser regards as more attractive or better performing investments.

In an attempt to address or mitigate these risks, the Adviser has implemented policies and procedures in an attempt to confirm equitable and fair treatment over time with respect to transactions among the multiple Funds.

Item 7 - Types of Clients

As mentioned in Item 4, the Adviser provides investment advisory and supervisory services on a discretionary basis to affiliated pooled investment partnerships (the Funds) investing in private equity transactions.

Generally, there is no stated minimum for Commitments to a Fund. The General Partner of each Fund has the sole discretion to accept Commitments that it deems to be in the best interests of the Fund.

Each investor generally is required to represent that it is, among other things, an “accredited investor,” as such term is defined in Rule 501(a) of Regulation D under the Securities Act of 1933, as amended, and a “qualified purchaser,” as such term is defined in Section 2(a)(51)(A) of the Investment Company Act of 1940, as amended.

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

- A. The Adviser targets acquisitions, recapitalizations, buyouts, buy-and-builds, corporate divestitures and selected growth capital investments, typically investing \$5 million to \$100 million per portfolio company, in companies with enterprise values between \$5 million and \$200 million (or more). The Adviser focuses on proactively originated investment opportunities that can be purchased at lower purchase multiples and lower financial leverage. Focus industries include specialty manufacturing, food and beverages, pay television and broadcasting, oil field services and oil and gas exploration and production.

Investment Process

The Adviser utilizes a proactive origination strategy in its deal origination. The Adviser focuses its outbound solicitation efforts on a select group of industries where it has developed domain expertise, management relationships, a demonstrated record of past investment success, or has performed extensive industry due diligence. Based upon its research, the Adviser develops targeted sub-sectors to thoroughly examine for investment opportunities. In other instances, potential transactions are brought to the Adviser by business owners, operating executives or investment banks given the Principal's reputation in the industry. The Adviser is constantly meeting with people regarding potential transaction opportunities, enabling it to see a wide range of transactions in any given year. Seeing a wide range of opportunities is believed to benefit the Adviser's judgment in its assessment of valuation, capital structure, the strength of the management team and the growth opportunity that is presented. Since the Adviser's relationship building process with business owners can often span years, these remaining companies continually form a portion of the Adviser's backlog of future investment opportunities.

The Adviser's origination strategy promotes a thorough and extensive due diligence process. Since the investment team devotes substantial time to the establishment of personal and professional relationships with business owners, it enjoys greater access to their future management partners and is able to track performance of target companies over longer periods of time than usually afforded through an auction process. While the Adviser may employ third party professionals to assist with certain due diligence matters, the Adviser believes that the ability to foster management relationships and monitor company performance over an extended period of time prior to an investment represents the critical foundation to the Adviser's due diligence process and investment discipline.

Post-Closing Value Creation

Subsequent to closing an investment, the investment team has historically taken an active role in the oversight and development of portfolio companies. Since these businesses are often entrepreneurially managed, the Adviser intends to devote a substantial amount of time in providing advice and direction to its management partners on how to transform portfolio companies into professionally managed businesses which are capable of exploiting incremental growth opportunities. This transformation typically entails hiring supplemental management resources, introducing budgeting and reporting tools for goals setting and performance measurement, implementing enhanced IT systems for stronger reporting and operational control, and creating incentive programs, including performance bonuses and stock option plans for management. Additionally, the Adviser provides ongoing capital support and strategic advice in evaluating growth strategies. As a result of these undertakings, portfolio

companies are often transformed into larger, more professionally managed enterprises that become marketable to a large universe of strategic and financial buyers. The Adviser has a wide network of relationships with investment bankers, consultants and operating executives. The Adviser uses this network to attempt to maximize value when it sells an investment.

The investment strategies summarized above are not intended to be comprehensive. For more information regarding the Adviser's and the Funds' investment strategies, please see the applicable Governing Documents of the Funds.

B. Certain Risk Factors.

There can be no assurance that investors in the Funds will achieve their investment objectives or that investments in the Funds will be profitable. The Funds' investment strategies involve a substantial degree of risk, including risk of complete loss. Nothing in this brochure is intended to imply, and no one is or will be authorized to represent, that the Funds' or the Adviser's investment strategies are low risk or risk free. These investment strategies are appropriate only for sophisticated persons who fully understand and are capable of bearing the risks of investment. Prospective investors should consider the following risks, among others, before making any investment decisions. The various risks outlined below are not the only risks associated with the Funds' investment strategies and processes and will not necessarily apply to each investor or each Fund. Investors are urged to consult with their own independent financial, legal and tax advisors before making any investment decisions. The following risks are qualified in their entirety by the risks set forth in the applicable Governing Documents.

Lower Middle Market Investments. Companies in the lower end of the U.S. middle market are relatively small companies that may be unseasoned, unprofitable or lack established operating histories or earnings, and may lack technical, marketing, financial and other resources. These companies may be dependent upon the success of one product or service, a unique distribution channel or the effectiveness of its manager or management team. The failure of this one product, service or distribution channel or the loss or ineffectiveness of a key executive or executives within the management team may have a materially adverse impact on such companies. Furthermore, these companies may be more vulnerable to competition and to overall economic conditions than larger, more established entities. Although many of investments will be made in companies with existing operations, a Fund may invest at earlier stages, including the start-up stage. Particularly in early stage enterprises, a major risk exists that a proposed service or product cannot be developed successfully with the resources available to the portfolio company. There is no assurance that the development efforts of any portfolio company will be successful or, if successful, will be completed within the budget or time period originally estimated.

Growth-Stage Investments. The Funds make investment in growth-stage companies. These companies are often characterized by short operating histories, new technologies and products, quickly evolving markets and management teams that may have limited experience working together, all of which enhance the difficulty of evaluating these investment opportunities. The management of these companies will need to implement and maintain successful marketing, finance, personnel and other operational strategies in order to become and remain successful. Other substantial operational risks to which these companies are subject include uncertain market acceptance of the company's products or services, a high degree of regulatory risk for new or untried and/or untested business models, products and services, high levels of competition among similarly situated companies, lower capitalizations and fewer financial resources and the potential for rapid organizational or strategic change.

Risks Associated with Portfolio Investments. Identifying and participating in attractive investment opportunities and assisting in the building of (or improvements to) companies is difficult. There is no assurance that any investments will be profitable and there is a substantial risk that a Fund's losses and expenses will exceed its income and gains. Any return on investment to the investors will depend upon successful investments made on behalf of a Fund by the Adviser or an affiliate. There generally will be little or no publicly available information regarding the status and prospects of portfolio companies. Many investment decisions by the Adviser will be dependent upon the ability of its partners and agents to obtain relevant information from non-public sources, and the Adviser often will be required to make decisions without complete information or in reliance upon information provided by third parties that is impossible or impracticable to verify. The marketability and value of each investment will depend upon many factors beyond the Adviser's control. Although a partner or employee or officer of the Adviser may serve on a portfolio company's Board of Directors, each portfolio company will be managed by its own officers (who generally will not be affiliated with the Funds, the Adviser or the General Partners). A Fund may hold minority positions in portfolio companies or acquire securities that are subordinated vis-à-vis other securities as to economic, management or other attributes. Portfolio companies may have substantial variations in operating results from period to period, face intense competition, and experience failures or substantial declines in value at any stage. New technological developments may have a negative effect on a portfolio company's products and business. Portfolio companies may need substantial additional capital to support growth or to achieve or maintain a competitive position. Such capital may not be available on attractive terms. A Fund's capital is limited and may not be adequate to protect such Fund from dilution in multiple rounds of portfolio company financings. The public market for financial services and related companies and other growth companies and middle market companies is volatile. Such volatility may adversely affect the development of portfolio companies, the ability of the Fund to dispose of investments, and the value of investment securities on the date of sale or distribution by the Funds. In particular, the receptiveness of potential acquirers to portfolio companies will vary over time and, even if a portfolio company investment is disposed of via a merger, consolidation or similar transaction, a Fund's stock, security or other interests in the surviving entity may not be marketable. Similarly, the receptiveness of the public market to initial public offerings by portfolio companies may vary dramatically from period to period. An otherwise successful portfolio company may yield poor investment returns if it is unable to consummate an initial public offering at the proper time. Even if a portfolio company effects a successful public offering, a Fund or the portfolio company's securities typically will be subject to contractual "lock-up," securities law or other restrictions, which may, for a material period of time, prevent such Fund or the investors from disposing of such securities. There can be no guarantee that any portfolio company investment will result in a liquidity event via a merger, acquisition, initial public offering or otherwise, and there is a significant risk that the Fund's investments will yield little or no return. The securities in which a Fund will invest may be among the most junior in a portfolio company's capital structure and, thus, subject to the greatest risk of loss. Generally, the investments made by a Fund are illiquid and difficult to value, and there is little or no collateral to protect an investment once made. In most cases, investments are long term in nature and may require many years from the date of initial investment before disposition. It is likely that a Fund will still hold some illiquid securities at the time of its dissolution, with the result that such securities may be distributed in-kind or sold for a discounted price that reflects their illiquid nature.

Certain Risks Related to the Food and Agribusiness Industries.

Food Safety Mishaps. Companies that manufacture food products face the risk of introducing products into the food chain that create safety issues for consumers, including the risk of food-borne illness and food contamination (including allergen cross contamination). While we place a high priority on food safety and intend to dedicate substantial resources and provide training to ensure the safety and quality of food manufactured by any portfolio company in the food manufacturing business, these risks cannot be completely eliminated. Additionally, any food manufacturer relies on its network of suppliers to properly handle, store and transport ingredients. Any failure by a direct or indirect supplier to a portfolio company to deliver safe and properly labeled ingredients could be difficult to detect and put the safety of the food manufactured by a portfolio company in jeopardy.

Adverse publicity or news reports, regardless of accuracy, regarding food quality or safety issues, illness, injury, recalls, health concerns, government or industry findings concerning food products manufactured by a portfolio company, or in the specific industry segment in which the portfolio company operates, or even generally in the food supply chain, could be damaging to that portfolio company and specifically harm the portfolio company's brand and reputation, which in turn could materially adversely affect financial performance.

If any portfolio company food product becomes the subject of a product recall or market withdrawal, whether voluntary or involuntary, the costs to conduct such recall or market withdrawal could be significant and sales may be reduced, temporarily or permanently, which could materially adversely affect financial performance.

Any adverse food safety event could result in not only product withdrawals or recalls, but also regulatory and other investigations, and/or criminal fines and penalties, any of which could materially disrupt operations, increase costs, require interactions and filings with regulatory agencies that may divert resources and assets, and result in potential civil fines and penalties as well as other legal action, which could materially adversely affect financial performance.

Consumer Trends. Manufacturers of food products face many risks associated with quickly changing consumer preferences. Consumers tend to want greater and greater convenience, ease of preparation and variety, and higher quality. Meeting rapidly changing consumer preferences requires a commitment to market research and product development, which often requires a sizable investment and involves a high degree of estimation. If a portfolio company is not able to meet consumer demand, or if the portfolio company invests in products that are not preferred by consumers, its products could become obsolete or irrelevant, which would have a material adverse effect on financial performance.

Difficulty Finding Employees. Many jobs in food manufacturing or production operations tend to be minimum wage jobs with less than ideal working conditions, such as hot or cold work environments and physically taxing or highly repetitive manual tasks. Generally, when unemployment rates are low, it is difficult for companies in the food manufacturing or production industries to find suitable workers, and often it is necessary to raise the offered wage to find a sufficient number of qualified workers, or to reduce the number of operating shifts, which can have an adverse effect on financial results. Any portfolio company in the food manufacturing or production industry could face this type of costly and unanticipated labor shortage.

Challenges with Perishable Foods. Portfolio companies that produce perishable products often face high costs of distribution, especially when the products are refrigerated. Spikes in distribution costs are difficult to predict and can result in reduced profitability.

Weather and Pest Related Risks. Weather events, including droughts, floods and freezes, are top risks for the agribusiness industry. Production risks also result from damage due to pests and crop disease, and from failure of equipment and machinery such as irrigation pumps. Any portfolio company operating in the agribusiness sector is subject to encountering one or more of these adverse events, any of which could have a material adverse effect on financial results.

Customer and Supplier Concentration. Small to medium sized, middle-market companies may be reliant on a limited number of customers or suppliers, the loss of any one of which can have materially adverse effects on such companies.

Energy Risks. Certain of the Funds have invested and may in the future invest in portfolio companies operating or conducting business in the energy sector. Companies operating in the energy sector may be affected by fluctuations in the prices of energy commodities, including, for example, natural gas, natural gas liquids, crude oil and coal, in the short- and long-term. Fluctuations in energy commodity prices would directly impact companies that own such energy commodities and could indirectly impact companies that engage in transportation, storage, processing, distribution or marketing of such energy commodities. Fluctuations in energy commodity prices can result from changes in general economic conditions or political circumstances (especially of key energy-consuming countries), market conditions, weather patterns, domestic production levels, volume of imports, energy conservation, domestic and foreign governmental regulation, international politics, policies of the Organization of Petroleum Exporting Countries (“OPEC”), taxation, tariffs, and the availability and costs of local, intrastate and interstate transportation methods. The energy sector as a whole may also be impacted by the perception that the performance of energy sector companies is directly linked to commodity prices.

Need for Additional Capital or Follow-on Investments. Certain portfolio companies, especially those in a development or “platform” phase, may require additional financing to satisfy their working capital requirements or acquisition strategies. The amount of such additional financing needed will depend upon the maturity and objectives of the particular company. Each round of financing (whether from a Fund or other investors) is typically intended to provide a portfolio company with enough capital to reach the next major corporate milestone. If the funds provided are not sufficient, a company may have to raise additional capital at a price unfavorable to the existing investors. The availability of capital is generally a function of capital market conditions that are beyond the control of us or any portfolio company. There can be no assurance that the portfolio companies will be able to predict accurately the future capital requirements necessary for success or that additional funds will be available from any source.

Portfolio Company Debt. The Funds may invest in portfolio companies that incur or utilize significant or material amounts of debt or leverage. Use of debt increases a portfolio company’s exposure to increasing interest rates, which could adversely affect its operating performance and cash flow. To the extent that a portfolio company is unable to generate sufficient cash flow to meet its debt service obligations, the value of the related investment could be significantly reduced or lost altogether. The profitability and survival of portfolio companies may depend on their ability to access sufficient sources of debt at attractive rates, which may or may not be available at any particular time. Business risks may be more significant in middle-market companies or those embarking on a build-up or operating turnaround strategy. Some companies

may operate at a loss or have significant variations in operating results, may be engaged in a rapidly changing business or business environment with products subject to a substantial risk of obsolescence, may require substantial additional capital (which may not be available on attractive terms, if at all) to support their operations, finance expansion or maintain their competitive position, may be in an early stage of development or may otherwise have a weak financial position. If for any of these or other reasons a portfolio company is unable to generate cash flow to meet its operating expenses and working capital requirements, make principal or interest payments on its indebtedness, or make other required payments on its commitments, the portfolio company's business, financial condition and prospects could be materially adversely affected and the value of the related investment could be significantly reduced or even eliminated.

Reliance on Management of Portfolio Companies. Although we monitor the performance of portfolio companies and generally are involved in the oversight thereof, we nevertheless rely (and will rely) substantially upon the management teams of such portfolio companies to operate such companies on a day-to-day basis. Consequently, the value of each investment is affected significantly by the efforts and decisions of portfolio company management teams. Because of their size and historical needs, many middle-market companies must rely heavily on the services of a limited number of key individuals, the loss of any one of whom could significantly adversely affect future performance. However, middle-market companies may not always be led by incumbent management teams/founders who possess a broad range of experience or professional managerial skills. Further, key executives/founders may be approaching the ends of their active business careers, requiring (upon retirement) the planned transition to professional management or a next generation of senior managers. In situations where incumbent managers or founders are supplemented with or replaced by professional management teams, operating cultures or key relationships with customers, suppliers, personnel or others might be adversely affected. While we attempt during the due diligence process to assess the relative capabilities and depth of company managers and monitor performance over the course of an investment, no assurance is given that these efforts are or will be sufficient to overcome any decisions made or activities undertaken by management teams or that the supplementation or replacement of operating managers will be successful.

Control Person Liability. A Fund may establish control positions in, and the Adviser may take an active role in the management of, portfolio companies. The exercise of control over a company imposes additional risks of liability for environmental damage, product defects, failure to supervise management and other types of liability in which the limited liability generally characteristic of business operations may be ignored. The Funds may also seek to designate employees, agents or affiliates of the Adviser to serve on the boards of directors (or as officers) of portfolio companies. The designation of directors and other contemplated measures could expose the assets of a Fund to claims by a portfolio company, its security holders and its creditors. While we intend to manage the Funds in a way that will reduce exposure to these risks, the possibility of successful claims cannot be precluded.

Risks in Effecting Operating Improvements. Each Fund's investment strategy depends, at least in part, on the ability of the Fund, the General Partner, us and our affiliates to restructure and effect improvements in the operations of a portfolio company, thereby increasing its profits during such Fund's investment period. The activity of identifying and implementing restructuring programs, operating improvements and other means of increasing profitability at portfolio companies entails a high degree of uncertainty. There can be no assurance that we will be able to successfully identify and implement such restructuring programs and improvements.

Minority Investments. The Funds may invest in (i) debt or debt-related investments, (ii) minority positions in portfolio companies with minority protection rights, and/or (iii) structured investments that are intended to provide the Funds with downside protection and the opportunity to influence the operational activities of a portfolio company. In such cases, a Fund generally relies significantly on the existing management and board of directors of such companies, which may include representation of other financial investors with whom we are not affiliated and whose interests may conflict with the interests of such Fund. Moreover, a Fund may have a limited ability to protect its investment in such portfolio company, although it is expected that appropriate minority investor rights generally will be sought to protect a Fund's interests. There can be no assurance that such rights will be available or obtained or that such rights will provide sufficient protection to the Fund.

Equity Investments. The Funds typically invest in equity or equity-related investments, which, by their nature, involve business, financial, market and/or legal risks. Holders of equity or equity-related investments generally own a residual interest in the applicable portfolio company and are junior to any obligations owed to the senior or subordinated creditors of such portfolio company.

Illiquidity of Investments. The Funds make investments in securities that have limited liquidity. It is anticipated there will be a significant period of time before the Funds have completed their investments in portfolio companies. Such investments may typically take from 3 to 10 years from the date of initial investment to reach a state of maturity when partial or complete realization of the investment can be achieved. Transaction structures typically will not provide for liquidity of the Funds' investment prior to that time. Generally, there will be no readily available market for a substantial amount of the Funds' investments. Most investments held by the Funds may not be able to be sold except pursuant to a registration statement filed under the Securities Act or in accordance with Rule 144, Regulation D or another exemption under the Securities Act. The market prices, if any, of such investments tend to be volatile, and the Funds may not be able to sell such investments when they desire, or, upon sale, to realize what it perceives to be their fair value. Further, companies whose securities are not publicly traded are not subject to the disclosure and other investor protection requirements applicable to publicly traded companies. In light of the foregoing, it is likely that no return from the disposition of a Fund's investments will occur until a significant period of time has passed. Furthermore, disposition of such investments may result in distributions in-kind to investors. If a Fund is unable to sell or otherwise dispose of an investment by the end of its respective term, the Fund and/or the investors may receive an in-kind distribution of their respective pro rata share of that investment, which may be illiquid. Although the general partners of the Funds generally expect that investments will either be disposed of prior to the end of the applicable Fund's term or be suitable for in-kind distribution, the general partner of the applicable Fund may need to sell, distribute or otherwise dispose of investments at disadvantageous times or prices at the end of such Fund's term or otherwise. In addition, although the general partners of the Funds generally expect to use commercially reasonable efforts to reduce to cash and cash equivalents all of the applicable Fund's investments to the extent practicable, subject to obtaining fair value for such assets and any tax or other legal considerations, there can be no assurances with respect to the time frame in which the winding up and the final distribution of proceeds to such Fund's investors will occur.

Investments in Distressed Securities and Restructurings. The Funds may make investments in restructurings that involve portfolio companies that are experiencing or are expected to experience severe financial difficulties. These financial difficulties may never be overcome and

may cause such portfolio company to become subject to bankruptcy proceedings. Such investments could, in certain circumstances, subject a Fund to certain additional potential liabilities that may exceed the value of such Fund's original investment therein. For example, under certain circumstances, payments to a Fund and distributions by such Fund to its investors may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance, a preferential payment or similar transaction under applicable bankruptcy and insolvency laws. Furthermore, investments in restructurings may be adversely affected by statutes related to, among other things, fraudulent conveyances, voidable preferences, lender liability and the bankruptcy court's discretionary power to disallow, subordinate or disenfranchise particular claims or re-characterize investments made in the form of debt as equity contributions.

Debt Investments. The Funds may invest in bonds, notes, debentures and other debt-related instruments issued by portfolio companies. These investments may pay fixed, variable or floating rates of interest and may include zero coupon obligations. The Funds may invest in portfolio company debt instruments that have experienced or are contemplated to experience ratings downgrades. Other instruments may have the lowest quality ratings or may be unrated. Credit ratings evaluate the safety of the principal and interest payments, not the market value risk of lower-rated instruments. Such ratings also do not reflect macroeconomic or systemic risk, including the risk of increased illiquidity in the credit markets. It is also possible that a rating agency might not change its rating of a particular issue on a timely basis and, as a result, outstanding ratings may not reflect the portfolio company's current credit standing. Conversely, rating agencies may re-rate an instrument which could cause substantial loss if the ratings are downgraded. Investments may experience significant credit rating volatility. In addition, a Fund may be paid interest in kind in connection with company debt and related financial instruments (e.g., the principal owed to a Fund in connection with a debt investment may be increased by the amount of interest due on such debt investment). Such investments may experience greater market value volatility than debt obligations that provide for regular payments of interest in cash and, in the event of a default, a Fund may experience substantial losses. To the extent a Fund makes any debt investments, such investments will typically be subordinated to the senior obligations of an issuer, either contractually or structurally. Such subordinated investments may be characterized by greater credit risks than those associated with the senior obligations of the same issuer. Adverse changes in the financial condition of an issuer, general economic conditions, or both may impair the ability of such issuer to make payments on the subordinated securities and result in defaults on such securities more quickly than in the case of the senior obligations of such issuer.

Board Participation. The Funds may be represented on the boards of directors of portfolio companies (via one or more agents or employees of the Adviser or an affiliate) or may have one or more representatives or agents of the Adviser or an affiliate serve as observers to such boards of directors. Although such positions in certain circumstances may be important to a Fund's investment strategy and may enhance such Fund's ability to manage its investments, such positions may also have the effect of impairing a Fund's ability to sell or otherwise dispose of an investment (in whole or in part) when, and upon the terms, we or the General Partner(s) may otherwise desire and may subject such Fund and others to claims they would not otherwise be subject to as an investor, including claims of breach of duty of loyalty, securities claims and other director-related claims. In general, the Funds indemnify us, the General Partners and our affiliates, officers, employees and representatives from any losses associated with such claims.

Relationships of Affiliates of the Adviser and the General Partner to Portfolio Companies. One or more portfolio companies (or other third parties) engage or may engage our affiliates or

employees or consultants to provide services (or serve as officers or directors or in other capacities with respect to such companies), and such persons may receive compensation, fees or other remuneration from such companies or third parties in connection therewith. Accordingly, our affiliates or employees or consultants may have interests that arise out of providing services to portfolio companies (such as the receipt of consulting and other fees) which conflict with the interests of a Fund as an investor in those portfolio companies. Our affiliates and employees and consultants may provide services to enterprises that compete with portfolio companies for customers, suppliers, management or financial resources or in other respects. In addition, our affiliates and employees and consultants may assist other enterprises in obtaining capital and in acquisitions and dispositions of businesses, which may conflict with the interests of the portfolio companies.

Co-Investments with Third Parties and Co-Venturers. In connection with co-investments, a Fund may hold non-controlling interests in a portfolio company (directly or indirectly through one or more vehicles) and, therefore, the Adviser may have a limited ability to protect such Fund's interests in such company and to influence such company's management. In addition, co-investments may be made with third parties through joint ventures or other entities, which may have larger or controlling ownership interests in such portfolio companies. In such cases, Funds typically will rely significantly on the existing management and board of directors of such companies, which may include representatives of other financial investors with whom we are not affiliated and whose interests may at times conflict with the interests of such Funds. Such co-investments may involve risks in connection with such third-party involvement, including the possibility that a third party may be in a position to take (or block) action in a manner contrary to a Fund's investment objectives or may have financial difficulties resulting in a negative impact on such investment. In addition, a Fund may in certain circumstances be liable for the actions of its third-party co-venturers. Co-investments made with third parties in joint ventures or other entities also may involve carried interests and/or other fees payable to such third-party partners or co-venturers. There can be no assurance that appropriate minority shareholder rights will be available to the Funds or that such rights will provide sufficient protection to the Funds' interests.

Co-Investment Opportunities. The Adviser may, in its discretion, provide or commit to provide coinvestment opportunities (including the opportunity to invest alongside a Fund in an investment) to one or more limited partners and/or other persons, in each case on terms to be determined by the Adviser in its discretion. Conflicts of interest may arise in the allocation of such co-investment opportunities. The allocation of co-investment opportunities, which may be made to one or more persons for any number of reasons as determined by the Adviser, may not be in the best interests of a Fund or any individual limited partner. In exercising its discretion in connection with such coinvestment opportunities, the Adviser may consider some or all of a wide range of factors, which may include factors which benefit the Adviser, the General Partners or affiliates thereof such as the likelihood that an investor may invest in a future fund sponsored by the Adviser, the General Partners and their affiliates.

Furthermore, decisions regarding whether and to whom to offer co-investment opportunities may be made by the Adviser, the General Partners or their related persons in consultation with other participants in the relevant transactions, such as a co-sponsor. Co-investment opportunities may, and typically will, be offered to some and not to other limited partners or other persons. When and to the extent that employees and related persons of the Adviser or a General Partner make capital investments in or alongside a Fund, the Adviser and the General Partner are subject to conflicting interests in connection with these investments. The Adviser's allocation of co-investment opportunities among the persons and in the manner discussed

herein may not, and often will not, result in proportional allocations among such persons, and such allocations may be more or less advantageous to some such persons relative to others.

Contingent Liabilities upon Disposition of Investments. In connection with the disposition or realization of an investment, the Funds may be required to make certain representations about the business and financial affairs of the applicable portfolio company that are typical of those made in connection with the sale of a business and may be responsible for the content of disclosure documents under applicable laws. The Funds may also be required to indemnify the purchasers of such investment to the extent that any such representations or disclosure documents turn out to be inaccurate or misleading (or to the extent that the portfolio company does not have sufficient assets to cover such liabilities). These and other similar arrangements may result in contingent liabilities, which may ultimately be required to be funded by the Funds' investors to the extent that such investors have received prior distributions with respect to such investment.

Environmental Risks. Portfolio companies generally are subject to numerous statutes, rules and regulations relating to environmental protection, under which a current or previous owner or operator of real property may be liable for non-compliance with applicable environmental and health and safety requirements and for the costs of investigation, monitoring, removal or remediation of hazardous materials. The Funds may be exposed to substantial risk of loss from environmental claims arising in respect of portfolio companies.

Identification of Suitable Investment Opportunities. Each Fund's success will depend primarily upon the identification and availability of suitable investment opportunities. The business of identifying and structuring private equity investments is highly competitive and involves a high degree of uncertainty and risk. There generally is little or no publicly available information regarding the status and prospects of companies in which the Funds invest or are considering an investment. Many of our investment decisions are dependent upon our ability to obtain relevant information from non-public sources, and we often are required to make decisions without complete information or in reliance upon information provided by third parties that is impossible or impracticable to verify. The availability of investment opportunities is subject to market conditions and certain other factors that are outside of our control. Investors may never be fully invested if we cannot or do not identify enough sufficiently attractive investments during the applicable Fund's investment period. There can be no assurance that we will be able to identify sufficient attractive investment opportunities to meet the investment objectives of any Fund or that investors or other persons will be able to participate in any such investment opportunities.

Competition for Investments. The Adviser's business is highly competitive, and has become more so in recent years due to a substantially increased flow of capital into venture capital, private equity, growth equity funds and other similar investments. The Funds and the Adviser compete with other established funds and investment organizations with substantial resources and experience. Moreover, the volume of attractive investment opportunities varies greatly from period to period. There can be no assurance that the Fund will be able to make investments on attractive terms, and it is possible that the Fund's term will expire before the Fund has invested all of its available capital.

Expedited Transactions. Investment analyses and decisions by the Adviser and the General Partners may be undertaken on an expedited basis in order for the Funds to take advantage of available investment opportunities. In such cases, the information available to us at the time of the investment decision may be limited, and we may not have access to the detailed information

necessary for a thorough evaluation of the investment opportunity. Further, the Adviser and the General Partners may conduct our due diligence activities over a very brief period.

Borrowing. The General Partner generally may cause a Fund to borrow funds, guarantee third-party loans or other extensions of credit made by portfolio companies or potential portfolio companies (or subsidiaries thereof) and otherwise utilize leverage in connection with such Fund's investment program in accordance with the terms and limitations set forth in the applicable Governing Documents. Although we will seek to borrow funds and otherwise utilize leverage and borrowing in a manner believed to be prudent and reasonable under the circumstances, the use of borrowed funds and leverage generally involves a high degree of financial risk. In addition, borrowings by a Fund will expose such Fund to interest rate risk, and such Fund may be less likely to be profitable or meet its goals if interest rates increase. If a Fund does not receive sufficient cash flow from its investments to meet principal and interest payments on any such borrowings, then that Fund may need to dispose of its investments sooner or at a lower price than it otherwise would have in order to pay the debt. Borrowings by the Funds have the potential to enhance overall returns that exceed the Funds' cost of funds, however, they will further diminish returns (or increase losses on capital) to the extent overall returns are less than the Funds' cost of funds.

Litigation. The investment activities of a Fund may subject it or its affiliates to the risks of becoming involved in litigation with third parties. The expense of defending against claims against the Funds or their portfolio companies, as applicable, by third parties and the payment of any amounts pursuant to settlements or judgments would be borne by the Funds and/or the portfolio companies, reduce distributions and could require the Funds and/or investors in a Fund to return distributed capital and earnings to the applicable Fund. We and our affiliates generally will be indemnified by the Funds in connection with any such litigation, subject to certain conditions.

To the extent set forth in the Governing Documents, investors may be required to return distributions previously received by them from a Fund, including for purposes of enabling the Fund to make indemnification payments to the General Partner and affiliates thereof.

Portfolio Company Projections. We generally evaluate the potential and existing portfolio companies on the basis of financial projections. Projected operating results normally will be based primarily on management judgments. In all cases, projections are only estimates of future results which are based upon assumptions made at the time that the projections are developed. There can be no assurance that the projected results will be obtained and actual results may vary significantly from the projections, as general economic conditions and other factors out of the control of the general partners of the Funds may negatively impact the reliability of the financial projections.

Conflicts of Interest. Various actual and potential conflicts of interest exist (or may exist) among the Adviser, the Funds, the General Partners, the Principal, key executives, investment team members, affiliates of the General Partners, their respective employees, agents, and affiliates, including actual and potential conflicts of interest related to fees, portfolio composition and valuation, principal and cross transactions, expense allocation, principal and other related party or conflicted transactions, treatment of other investors, limitation of liability, indemnification, allocation of investment opportunities among our various clients, outside business activities and personal trading. In addition, we provide investment management, advisory and other services to various different Funds, and face or may face various actual and potential conflicts of interest relating thereto. Investors ultimately will be heavily dependent

upon the good faith of the Adviser and the General Partners. During each Fund's term, many different types of conflicts of interest and risks may arise (including changes to current conflicts or risks) and the disclosures set forth herein are not intended to be exhaustive or exclusive.

Limited Diversification. Each Fund generally makes one or more investments in a single portfolio company (or group of related portfolio companies), which increases the vulnerability of the Fund's portfolio as compared to a portfolio that is diversified in more than one investment.

Cybersecurity Risks. The Adviser, the General Partners, the Funds and their respective affiliates and service providers depend on information technology systems and, notwithstanding the diligence that the Adviser may perform on its or the Funds' (or any other clients) service providers, it may not be in a position to verify the risks or reliability of such information technology systems. The Adviser, the General Partners, the Funds and their respective affiliates and service providers are subject to risks associated with a breach in cybersecurity. "Cybersecurity" is a generic term used to describe the technology, processes and practices designed to protect networks, systems, computers, programs and data from both intentional cyber-attacks and hacking by other computer users as well as unintentional damage or interruption that, in either case, can result in damage and disruption to hardware and software systems, loss or corruption of data, and/or misappropriation of confidential information. The Adviser's, the General Partners' and their respective affiliates' and service providers information and technology systems are vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Although the Adviser has implemented various measures to designed or intended to manage key identified risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, the Adviser may have to make a significant investment to fix or replace them. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the Adviser's, the General Partners' and the Funds' operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). Such a failure could harm the Adviser's and its affiliates' reputation, subject any such entity and their respective affiliates to legal claims and otherwise affect its business and financial performance. Such damage or interruptions to information technology systems may cause losses to the Funds or individual investors by interfering with the Adviser's operations (or the operations of our service providers). The Funds may also incur substantial costs as the result of a cybersecurity breach, including those associated with forensic analysis of the origin and scope of the breach, increased and upgraded cybersecurity, identity theft, unauthorized use of proprietary information, litigation, adverse investor reaction, the dissemination of confidential and proprietary information and reputational damage. Any such breach could expose the Funds, the Adviser and their respective affiliates to civil, legal or regulatory liability as well as regulatory inquiry and/or action, and the Funds may be required to indemnify the Adviser, the General Partners and their affiliates and agents against any losses incurred in connection therewith. Cybersecurity issues and risks are currently a major focus area of the SEC and other regulatory authorities.

Epidemics, Pandemics, Outbreaks of Disease and Public Health Issues. Our business activities as well as the Funds and their operations and investments, could be materially adversely affected by pandemics, epidemics and outbreaks of disease in Asia, Europe, North America

and/or globally or regionally, such as novel coronavirus, or COVID-19, Ebola, H1N1 flu, H7N9 flu, H5N1 flu, Severe Acute Respiratory Syndrome, or SARS, and/or other epidemics, pandemics, outbreaks of disease, viruses and/or public health issues. Specifically, novel coronavirus, or COVID-19, has spread (and is currently spreading) rapidly around the world since its initial emergence in China in December 2019 and has severely negatively affected (and may continue to materially adversely affect) the global economy and equity markets (including, in particular, equity markets in Asia, Europe and the United States). Although the long-term effects or consequences of novel coronavirus (or COVID-19) and/or other epidemics, pandemics and outbreaks of disease cannot currently be predicted, previous occurrences of other pandemics, epidemics and other outbreaks of disease, such as H5N1 flu, H1N1 flu, SARS and the Spanish flu, had a material adverse effect on the economies and markets of those countries and regions in which they were most prevalent. Any occurrence or recurrence (or continued spread) of an outbreak of any kind of epidemic, communicable disease or virus or major public health issue could cause a slowdown in the levels of economic activity generally (or cause the global economy to enter into a recession or depression), which would adversely affect the business, financial condition and operations of the Adviser and the Funds. Should these or other major public health issues, including pandemics, arise or spread farther (or continue to spread or materially impact the day to day lives of persons around the globe), the Adviser and the Funds could be adversely affected by more stringent travel restrictions, additional limitations on the Adviser's operations or business and/or governmental actions limiting the movement of people between regions and other activities or operations (or to otherwise stop the spread or continued spread of any disease or outbreak).

Uncertain Economic and Political Environment. Consumer, corporate and financial confidence may be adversely affected by current or future tensions around the world, fear of terrorist activity and/or military conflicts, localized or global financial crises or other sources of political, social or economic unrest. Such erosion of confidence may lead to or extend a localized or global economic downturn. A climate of uncertainty may reduce the availability of potential investment opportunities, and increases the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. In addition, limited availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses, in an uncertain environment or economic downturn may have an adverse effect on the economy generally and on the ability of a Fund and its portfolio companies to execute their respective strategies and to receive an attractive multiple of earnings on the disposition of businesses. This may slow the rate of future investments by a Fund and result in longer holding periods for investments. Furthermore, such uncertainty or general economic downturn may have an adverse effect upon a Fund's portfolio companies.

Market Conditions. The capital markets have experienced great volatility and financial turmoil. Moreover, governmental measures undertaken in response to such turmoil (whether regulatory or financial in nature) may have a negative effect on market conditions. General fluctuations in the market prices of securities and economic conditions generally may reduce the availability of attractive investment opportunities for the Funds and may affect the Funds' ability to make investments. Instability in the securities markets and economic conditions generally (including a slow-down in economic growth and/or changes in interest rates or foreign exchange rates) may also increase the risks inherent in each Fund's investments and could have a negative impact on the performance and/or valuation of the portfolio companies. Each Fund's performance can be affected by deterioration in the capital markets and by market events, such as the onset of the credit crisis in the summer of 2007, the downgrading of the credit rating of the United States in 2011 or the novel coronavirus pandemic of 2020 (COVID-19), which, among other things, can impact the public market comparable earnings multiples used to value

privately held portfolio companies and investors' risk-free rate of return. Movements in foreign exchange rates may adversely affect the value of investments in portfolio companies and a Fund's performance. Volatility and illiquidity in the financial sector may have an adverse effect on the ability of a Fund to sell and/or partially dispose of its portfolio company investments. Such adverse effects may include the requirement of a Fund to pay break-up, termination or other fees and expenses in the event the such Fund is not able to close a transaction (whether due to the lenders' unwillingness to provide previously committed financing or otherwise) and/or the inability of a Fund to dispose of investments at prices that the General Partner believes reflect the fair value of such investments. The impact of market and other economic events may also affect a Fund's ability to raise funding to support its investment objective.

Brexit Risks. On June 23, 2016, the United Kingdom held a referendum and voted to withdraw as a member of the European Union ("EU") and a party to the Treaty on European Union and its successor treaties. On March 29, 2017, the United Kingdom delivered a letter to the EU invoking the applicable withdrawal procedures. While the United Kingdom officially withdrew as a member of the EU on January 31, 2020, it remains in a transition period during which the United Kingdom will generally continue to operate under EU rules while it continues to negotiate certain terms with respect to its withdrawal and the details regarding the ultimate outcome of the relationship between the United Kingdom and EU (and the United Kingdom and the rest of the world). Although the transition period is set to end on December 31, 2020, such period may be extended and the uncertainties surrounding the new relationship between the United Kingdom and the EU are likely to remain unknown for an extended period of time. The outcome of the referendum and the subsequent process and negotiation with respect to the United Kingdom's withdrawal have caused significant volatility in global financial markets and uncertainty about the integrity and functioning of the EU, both of which may persist for an extended period of time. Areas where the uncertainty created by the United Kingdom's withdrawal from the EU are relevant include, but are not limited to, trade within Europe, foreign direct investment in Europe, the scope and functioning of European regulatory frameworks (including with respect to the Alternative Investment Fund Managers Directive and the European Union Markets in Financial Instruments Directive), industrial policy pursued within European countries, immigration policy pursued within European countries, the regulation of the provision of financial services within and to persons in Europe and trade policy within European countries and internationally. The volatility and uncertainty caused by the withdrawal and any other referendums may adversely affect the value of the Funds' investments and the ability of the Adviser to achieve the investment objective of the Funds.

THE FOREGOING RISK FACTORS DO NOT PURPORT TO BE A COMPLETE DESCRIPTION OF ALL OF THE RISKS ASSOCIATED WITH (OR THAT MAY BE ASSOCIATED WITH OR APPLICABLE TO) THE FUNDS' OR THE ADVISER'S INVESTMENT STRATEGIES OR THAT ARE APPLICABLE TO THE FUNDS OR INVESTORS. INVESTORS SHOULD CAREFULLY REVIEW THIS BROCHURE AND THE APPLICABLE GOVERNING DOCUMENTS IN THEIR ENTIRETY BEFORE MAKING ANY INVESTMENT DECISIONS.

Item 9 - Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of the adviser or the integrity of adviser's management.

There are no legal or disciplinary events that are material to an evaluation of the Adviser's advisory services or the integrity of management.

Item 10 - Other Financial Industry Activities and Affiliations

- A. Neither the Adviser nor any of our management persons is registered, or has an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither the Adviser nor any of its management persons is registered, or has an application pending to register, as a futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities.
- C. *Affiliated Entities.* As described in Item 4, the Adviser and the General Partners sponsor, manage, operate and advise various affiliated private pooled investment vehicles (the Funds). Certain of the Funds have affiliated and subsidiary entities that serve or act as holding companies or vehicles for certain investments made by such Funds. Each General Partner serves as the general partner of at least one of the Funds, and in some instances, more than one of the Funds. The General Partners are affiliated and under common control with the Adviser and operate a single advisory business with the Adviser. Any and all investment advisory services or advice with respect to the Funds are provided by, and subject to the supervision, oversight and control of, the Adviser.

Portfolio Company Relationships and Conflicts. Certain officers, members, employees and/or affiliates of the Adviser serve (and may in the future serve) as directors, officers or committee members of certain portfolio companies of the Funds (or in similar or other capacities or roles with respect to such portfolio companies or affiliates thereof). Such persons could face conflicts of interest between discharging their duties as directors, officers or committee members, as the case may be, of such companies and acting in the best interest of the applicable Funds. Moreover, certain of the Adviser's affiliates or agents also may serve as directors of public companies and their activities on behalf of those other companies may present actual and/or potential conflicts of interest (including conflicting fiduciary duties). The Adviser and its affiliates receive and may receive compensation and fees from companies (or third parties) in their capacities as directors, officers or committee members (or in connection with providing services to such companies or affiliates thereof) and, except as otherwise set forth in the applicable Governing Documents, this compensation generally will not be shared with the Fund or any investors (or may be retained by such persons in lieu of a Management Fee). Our affiliates and employees provide and may in the future provide services to enterprises that compete with portfolio companies for customers, suppliers, management or financial resources or in other respects. In addition, our affiliates and employees may assist other enterprises in obtaining capital and in acquisitions and dispositions of businesses, which may conflict with the interests of portfolio companies.

Family Office. The Adviser is affiliated and shares office space, service providers and certain employees or personnel with Hicks Holdings, LLC, a family office established to manage the wealth and direct the investments of, and provide various other services to, the Principal's family and affiliated entities. The activities of Hicks Holdings, LLC may present certain actual or potential conflicts of interest with the activities of the Adviser. Moreover, employees and personnel of the Adviser who also perform services for or engage in activities with respect to Hicks Holdings, LLC face conflicts of interest in allocating time, services and functions between Hicks Holdings, LLC (and its affiliates) and the Adviser's investment advisory and other services and activities on behalf of the Funds.

- D. The Adviser does not recommend or select other investment advisers for the Funds.

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

- A. The Adviser has adopted a written Code of Ethics designed to address and/or avoid potential conflicts of interest as required under Rule 204A-1 of the Advisers Act (the “Code”). The Code sets forth a standard of business conduct and compliance with federal securities laws by all of the Adviser's staff. The Code contains policies and procedures in an attempt to ensure that all personal securities trading by staff of the Adviser is conducted in such a manner as to avoid actual or potential conflicts of interest or any abuse of an individual's position of trust and responsibility. The Adviser prohibits (among other things) i) personal trading on certain securities or instruments; ii) requires pre-clearance of personal trades in certain circumstances, including purchases of an IPO or a new private placement; iii) requires periodic reporting of staff's personal securities transactions and holdings; and iv) requires prompt internal reporting of Code violations.

The Adviser has established procedures designed to prevent or detect the abuse of material, non-public information, which includes procedures for, among other things, the use and maintenance of restricted trading lists.

Firm personnel are required to certify as to their compliance with the Code on at least an annual basis. Persons who violate the Code may be subject to remedial actions or measures, including, without limitation, profit disgorgement, fines, censure, suspension or dismissal.

The Adviser will provide a copy of the Code to any investor or prospective investor upon request.

- B. As disclosed in this brochure, affiliates of the Adviser serve as the General Partners of the Funds, and interests in such Funds are offered, issued and sold to prospective investors.

The Adviser, the General Partners and affiliates and agents thereof from time to time may cause a Fund to enter into transactions, arrangements or agreements or make investments that involve actual or potential conflicts of interest (including, without limitation, related party transactions and/or investments in which the Adviser or an affiliate thereof have a financial, economic or other interest). Among other things, (i) affiliates of the Adviser may make loans to a Fund in order to fund or pay fund expenses or other costs or amounts (provided that the terms of such loans are fair to the Fund and no less favorable to the Fund than would be obtained on arm's length basis), (ii) affiliates of the Adviser may contribute or sell or transfer assets or investments to a Fund in exchange for an interest in such Fund, cash or a combination thereof, and (iii) the General Partners engage the Adviser, their affiliate, to provide or perform investment advisory and other services with respect to the Funds. In general, the Adviser or the applicable General Partner will attempt to disclose the material terms of any such transaction, arrangement or agreement to the investors in the Governing Documents of a Fund and obtain the explicit approval and consent of each investor to such transaction in connection with its investment in the Fund. To the extent that a material conflict of interest arises after the closing of a Fund, the applicable General Partner typically has the authority pursuant to the Governing Documents to resolve such conflict of interest, considering in each case the relative interest of each party, including its own interest, to such conflict or situation and the benefits and burdens relating to such interests, any customary or accepted industry practices and other principles.

- C. The Principals and other members of the management team of the Adviser have made (or may make) significant or material investments in the Funds. Such amounts may be invested pro rata with the limited partners of each Fund in all applicable Fund portfolio investments.
- D. The Adviser may offer co-investment opportunities to one or more persons (including all or certain investors) in its sole discretion. The Adviser is not expected to offer co-investment opportunities with respect to all client investments and may offer or allocate any such opportunities in its sole discretion, including for example, on the basis of size of investor commitments to the Funds. In making such allocation decisions, the applicable General Partner generally is entitled to consider any interests and factors as it desires, including placing its own interests ahead of the interests of any other person. The allocation of co-investment opportunities will in many or all cases involve a benefit to the Adviser and its affiliates including, without limitation, the receipt of fees or allocation of carried interest from the co-investment opportunity (or a person related thereto), and capital commitments to the Funds. The Adviser may or may not charge management fees, one-time funding fees and/or carried interest in respect of co-investments, as it determines in its sole discretion. While the Adviser generally expects that co-investment vehicles that invest alongside one or more of the Funds will be allocated or otherwise will bear their allocable share of applicable expenses, there may be situations or circumstances where such vehicles or co-investors (or proposed co-investors) will not or may not bear or share in any or all their applicable share of applicable expenses. Investing in a Fund may not give investors rights, entitlements or priority to co-investment opportunities.

Item 12 - Brokerage Practices

- A. The Adviser's investment strategy involves making negotiated investments in privately held companies and the securities that typically are purchased and sold on behalf of the Funds are acquired and/or disposed of in privately negotiated purchase and sale transactions. As a result, the Adviser generally is not called upon to select or recommend broker-dealers for the purpose of buying or selling securities on behalf of the Funds.

From time to time, the Adviser may use or be called upon to use or select a broker to effect transactions in public securities resulting from, or in connection with, portfolio investments. In those instances, the Adviser or the General Partner has full discretionary authority with respect to the selection of, and the commissions paid to, brokers. If the Adviser or a General Partner determines to engage a broker, the Adviser will select the broker considering the range and quality of its brokerage services, its execution capability, commission rate, financial responsibility, responsiveness, and the value of research provided, if any.

- B. In order to minimize execution costs and obtain best execution for all Funds, the Adviser or an affiliate may aggregate orders for multiple Funds, as long as aggregating would be in the best interests of each participating Fund.

The Adviser does not currently have any soft dollar arrangements or investor referrals from broker-dealers in connection with Fund transactions.

Item 13 - Review of Accounts

- A. The investment portfolios of the Funds are generally private, illiquid and long-term in nature, and accordingly, the Adviser's review of them is not directed toward a short-term decision to dispose of securities. However, the Adviser generally conducts reviews of all portfolio company investments held in each Fund on at least an annual basis (or more frequently upon the occurrence of certain material events). Investment staff participates in the ongoing monitoring of Fund portfolios. The Principal is responsible for leading the reviews of all portfolio company investments. These reviews include, among other things, profitability, debt to equity ratios, material business developments, competitive landscape and management.

With respect to accounting matters, the Adviser has engaged an independent public accounting firm to conduct an annual audit of each of the Funds.

- B. Annually, each Fund will furnish or provide all limited partners with (or otherwise make available to) (i) audited financial statements prepared in accordance with U.S. generally accepted accounting principles, accompanied by the report of its independent certified public accountants, and (ii) tax information necessary for the completion of tax returns. These statements and information generally are provided to investors within 120 days after the end of each fiscal year of a Fund (or as soon as reasonably practicable thereafter). The Adviser may also provide other reports and statements to investors on a periodic basis. All such statements and reports are written.

Item 14 - Client Referrals and Other Compensation

- A. Except as otherwise disclosed herein or in the applicable Governing Documents, the Adviser does not receive any economic benefit, including sales awards or prizes, from any third party for providing advisory services to the Funds. As disclosed in Item 5 and Item 10, portfolio companies or other third parties pay or may pay (and various affiliates and agents of the Adviser receive or may receive) certain fees and compensation to the Adviser's affiliates, officers or agents, including transaction fees and oversight fees (and other service fees). The Adviser's affiliates receive or may receive various fees and compensation in connection with transactions that are not ultimately consummated by the Funds.
- B. The Adviser does not currently utilize or engage placement agents or solicitors for referring or soliciting prospective investors in the Funds.

Item 15 - Custody

Due to the Adviser's affiliation with the General Partners, the Adviser generally is deemed under Rule 206(4)-2 under the Advisers Act to have custody of the assets of the Funds. To the extent required pursuant to Rule 206(4)-2 under the Advisers Act, each Fund's cash and securities are maintained and held at one or more qualified custodians. The General Partners are responsible for selecting qualified custodians and they may change custodians at any time and from time to time. Qualified custodians do not provide account statements directly to investors. The Adviser has engaged an independent public accounting firm (that is registered with and subject to inspection by the PCAOB) to conduct an annual audit of each of the Funds. Audited financial statements (prepared in accordance with U.S. generally accepted accounting principles) generally are provided to each investor in the Funds within 120 days after the end of each fiscal year (or as soon as reasonably practicable thereafter). The names of the custodians currently engaged or retained with respect to each Fund are set forth in Section 7.B of Schedule D of Part 1 of the Adviser's Form ADV.

Item 16 - Investment Discretion

The Adviser generally provides investment advisory and investment supervisory services to the Funds with respect to the types and amounts of investments to be bought or sold on behalf of each of the Funds (including the selection of investments and recommendations with respect thereto). Nevertheless, the General Partners generally have the ultimate authority to make investment decisions on behalf of the Funds (in a manner consistent with the applicable investment objectives, policies and guidelines set forth in the applicable Governing Documents).

Each investor in a Fund generally grants the general partner thereof a limited power of attorney to enable the General Partner to execute the applicable partnership agreement and perform certain other activities in connection therewith on its behalf.

Item 17 - Voting Client Securities

While the Adviser and/or the General Partners technically have proxy voting authority on behalf of the Funds, the Adviser generally does not expect to be called upon to vote proxies with respect to securities owned by the Funds, as the Funds typically do not acquire or hold publicly-traded securities. Nevertheless, in the event that the Adviser or a General Partner is called upon to vote proxies, it will vote such proxies in accordance with its proxy voting policy, which the Adviser believes is reasonably designed to ensure that the Adviser (or the General Partner) votes proxies in a manner that furthers the best interests of the applicable Fund. In general, proxy proposals, amendments, consents and/or resolutions generally are required to be voted in a manner that serves the best interests of the applicable Fund, as determined in the discretion of the Adviser or the applicable General Partner.

The Adviser generally will attempt to identify actual or potential conflicts of interest that could compromise or be deemed to compromise the independence of the voting decisions when voting proxies on behalf of a Fund. In the event that a material conflict of interest is identified, the Adviser generally will attempt to resolve, mitigate or disclose such conflict (to the extent practicable) before voting any proxy. To address or resolve a potential material conflict, the Adviser generally will follow the procedures outlined in its proxy voting policy. In some instances, the Adviser may determine that it is in a Fund's best interest for the Adviser to "abstain" from voting or not to vote at all, and will do so accordingly.

Investors generally may not direct or otherwise influence votes with respect to any particular proxy solicitation.

Proxy voting reports, identifying how proxies were voted in the past and the Adviser's proxy voting policy, are available upon written request to the Adviser at the address set forth on the cover page to this firm brochure.

Item 18 - Financial Information

Not applicable.

General Information

We have adopted policies and procedures that are believed to be reasonably designed to protect various records and non-public personal information of investors. Except as set forth in the applicable Governing Documents, the Adviser's privacy policies and procedures or as otherwise authorized by each investor, non-public, personal information about investors is disclosed only as permitted by applicable law to our affiliates and service providers, including our accountants, attorneys, brokers, custodians, transfer agents and any other parties whose services are necessary or convenient to the services we provide.