

FORM ADV PART 2A: FIRM BROCHURE

ITEM 1. COVER PAGE



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Important Disclosure:

This brochure (“**Brochure**”) provides information about the qualifications and business practices of Primary Wave IP Investment Management LLC. If you have any questions about the contents of this brochure, please contact the Chief Compliance Officer (“**CCO**”) Bill Cisneros at (212) 988-4964 or bcisneros@primarywave.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “**SEC**”) or by any state securities authority.

Additional information about the Firm is also available on the SEC’s web site at www.adviserinfo.sec.gov.

Please note that registration as an investment adviser with the SEC does not imply any level of skill, training or ability with respect to the provision of investment advisory services. The oral and written communications of an investment adviser provide you with information through which you determine to hire or retain an investment adviser.

ITEM 2. MATERIAL CHANGES

The Firm is updating its Brochure as of March 27, 2020 as part of its annual amendment filing. The Firm has not made any changes that it feels are material since submitting its Brochure for an annual amendment filing on March 28, 2019. In the future, this Item will contain a summary of material changes made to this Brochure.

ITEM 3. TABLE OF CONTENTS

Item 4. Advisory Business	4
Item 5. Fees and Compensation	6
Item 6. Performance-Based Fees and Side-by-Side Management.....	10
Item 7. Types of Clients.....	11
Item 8. Methods of Analysis, Investment Strategies and Risk of Loss	12
Item 9. Disciplinary Information	19
Item 10. Other Financial Industry Activities and Affiliations	20
Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	21
Item 12. Brokerage Practices	23
Item 13. Review of Accounts	24
Item 14. Client Referrals and Other Compensation.....	25
Item 15. Custody	26
Item 16. Investment Discretion	27
Item 17. Voting Client Securities	28
Item 18. Financial Information	29

ITEM 4. ADVISORY BUSINESS

- A. Primary Wave IP Investment Management LLC (“**Primary Wave**”, the “**Adviser**” or the “**Firm**”), is a Delaware limited liability company formed on February 25, 2016. Primary Wave is an investment adviser focused on investing in music intellectual property, including music catalogs, copyrights, royalty streams and related rights. The Firm is located in New York, NY. The Firm is majority owned by PWMP Ventures LLC.
- B. The Firm provides investment advisory services to Primary Wave Music IP Fund 1 LP (“**Fund 1**”) and Primary Wave Music IP Fund 2, LP (“**Fund 2**” and together with Fund 1, the “**Funds**”), each a Delaware limited partnership formed as private equity pooled investment vehicles. Primary Wave provides discretionary investment management services to the Funds in accordance with the applicable limited partnership agreements, investment management agreements, operating agreements, offering memoranda and other such agreements (the “**Offering Documents**”).

Primary Wave Music IP Fund 1 GP LLC, a Delaware limited liability company, is Fund 1’s General Partner (“**Fund 1 General Partner**”). Primary Wave Music IP Fund 2 GP LLC, a Delaware limited liability company, is the Fund 2’s General Partner (“**Fund 2 General Partner**” and together with Fund 1 General Partner, the “**General Partners**”). The Offering Documents of the Funds typically allow the General Partners to control the business and affairs of the Funds.

The Firm also provides discretionary sub-advisory services to PW Publishing Partners, LLC, a Delaware limited liability company formed as a private equity pooled investment vehicle (the “**Co-Investment Vehicle**”) to co-invest in certain selected music related investment opportunities alongside Fund 1 and Fund 2. The Co-Investment limited partner investment rights are outlined in the Co-Investment governing documents. It should be noted that the Co-Investment Vehicle’s independent manager has sole discretionary authority with respect to which Music Assets (as described below) may be added to its portfolio. Thereafter, Primary Wave has discretionary authority over the Co-Investment Vehicle.

The Funds along with the Co-Investment Vehicle are each considered a “**Client**” and collectively, the “**Client Accounts**”.

Primary Wave will focus on investing in a portfolio of music copyrights through acquisitions, administration, advances and structured agreements in relation to music royalty interests from a range of genres and artists in the music publishing industry. The Firm will have discretion to invest in a wide range of music copyrights and royalty streams, including, but not limited to, assets that are known in the music industry as music publishing, writers share, administration income, producer royalties, master royalties and neighboring rights (each a “**Music Asset**” and collectively “**Music Assets**”). It is anticipated that the Clients will generate current income over the life of the Clients and income attributable to the sale of assets.

- C. Other than the Co-Investment Vehicle's independent manager's sole discretionary authority with respect to which Music Assets may be added to its portfolio, Primary Wave does not expect to tailor advisory services to any individual or particular needs of the investors in the Client Accounts. Such investors accept the terms of advisory services as set forth in each Offering Documents/Co-Investment governing document. The Firm expects to have broad investment authority with respect to the Client Accounts and, as such, investors should consider whether the investment objectives of the Client Accounts are in line with their individual objectives and risk tolerance prior to investment.

It should be noted that the Funds and/or the General Partners, without any further act, approval or vote of any investor, has entered into, and may enter into after the date hereof, side letters or other similar agreements with certain investors that have the effect of establishing rights under, or altering or supplementing the terms of, the Offering Documents, which may make the rights of such investors different than the rights of other investors.

- D. Primary Wave does not participate in wrap fee programs.
- E. As of December 31, 2019, Primary Wave managed \$892,325,980 in regulatory assets on a discretionary basis.

ITEM 5. FEES AND COMPENSATION

- A. Primary Wave's fees and compensation arrangement may vary among the investors in the Funds. The specific terms of such arrangements are established by Primary Wave, and as set forth in each Fund's Offering Documents.

The Firm generally charges the Funds a management fee, payable quarterly in advance, ranging from 1.5% to 2% per annum of the capital commitment during the investment period of each limited partner, as further disclosed in each Fund's Offering Documents. The management fee then steps down to being payable on the aggregate invested capital after the termination or expiration of the investment period. Furthermore, such step down would happen during the investment period if the Firm or an affiliate begins to receive management fees based upon capital commitments made to a successor pooled investment fund.

Fund investors are also subject to a performance-based carried interest of 20% of the net profits earned from all investments in the Fund, with an 8% preferred return on capital invested pursuant to the Fund's offering documents.

The General Partners of the Funds are subject to a "claw back" of carried interest previously received to the extent that the applicable General Partners have received cumulative distributions in excess of amounts otherwise distributable to such general partner by the Funds as "carried interest". In no event will the General Partners of the Funds be required to restore more than the cumulative distributions received by such General Partners as "carried interest", determined on an after-tax basis.

The management fee/carried interest will generally not be negotiable, however, Primary Wave (or as applicable for certain Fund investors, the General Partner, who is an affiliate of Primary Wave) may waive or modify the management fees/carried interest for investors of the Funds that are the principals, members, employees or affiliates of Primary Wave (or General Partner, as applicable), members of the immediate families of such persons, and for certain large or strategic investors or for those investors that invest during the initial closing.

The Co-Investment Vehicle pays a business services fee of .25% on a quarterly basis in advance of the weighted daily average of cumulative aggregate net invested capital during Fund 2's investment period, and .125% of the weighted daily average of cumulative net invested capital during the period following Fund 2's investment period.

Primary Wave is also entitled to receive a percentage of transaction revenues received by the Co-Investment Vehicle. The Co-Investment Vehicle will receive transaction revenues as further defined in the Limited Liability Company Agreement. Primary Wave shall deliver to the Co-Investment Vehicle a statement setting forth all transaction revenues received by the Co-Investment Vehicle and any of its subsidiaries

during the immediately preceding month after deducting of any business services fees and out-of-pocket expenses. Primary Wave is subject to a “claw back” of carried interest previously received to the extent that Primary Wave has received cumulative distributions in excess of amounts otherwise distributable as “carried interest”.

The General Partners of the Funds from time to time, if deal capacity arises, may offer certain persons, including existing investors, strategic partners or other third parties, the opportunity to co-invest in particular investments alongside of the Funds, subject to certain restrictions. In each case where co-investors participate in an investment, such co-investors will bear their pro rata share of any expenses associated with such investment but generally do not bear broken-deal expenses. The General Partners and/or its affiliates may earn fees and a carried interest with respect to co-invested funds, and such fees and carried interest may differ from, but shall not exceed those borne by the limited partners with respect to their investment in the Funds.

- B. Primary Wave’s management fee will be paid quarterly in advance out of current income and disposition proceeds of the Funds and, in the General Partners’ discretion, from drawdowns that will reduce unfunded commitments. Investors do not have the ability to choose to be billed directly for fees incurred.

Primary Wave will send a billing statement to the Co-Investment Vehicle of the business services fee due and payable quarterly in advance. The Co-Investment Vehicle selected to be billed directly for fees incurred.

- C. In addition to the fees described above, the Funds will reimburse the General Partners for costs and expenses pertaining to the Funds’ organizational and startup expenses, including legal, travel, accounting, filing, printing, and other organizational expenses (“**Organizational Expenses**”), subject to a cap. The General Partners will bear Organizational Expenses in excess of the Organizational Expense cap (or such higher amount approved by the advisory board) pursuant to the Offering Documents.

The Funds will pay all other costs and expenses of the Funds that are not reimbursed by third parties (which reimbursements may be for travel and any other out of pocket expenses incurred in connection with the making, monitoring and/or disposing of such portfolio investments, including follow on investments and refinancings), including legal, regulatory, auditing and fund administration, administrators, consulting, financing, accounting and custodian fees and expenses, which may be provided by one or more entities associated with or controlled by the General Partners on terms no less favorable than a third party arm's length basis; expenses associated with the Funds’ financial statements, tax returns and Schedule K-1s; out of pocket expenses incurred in connection with transactions not consummated; expenses of the advisory board and annual meetings of the limited partners; insurance (including directors and officers insurance); other expenses associated with the acquisition, holding and disposition of its investments, including extraordinary expenses (such as litigation, if any), placement

fees (in the case of Fund 2), costs associated with indemnifying covered persons; all expenses incurred in connection with the registration of the securities of the Funds, any Parallel Fund, any Alternative Investment Vehicle and/or any Vehicle under applicable securities laws or regulations (for the avoidance of doubt, the expenses incurred by Primary Wave to comply with the requirements under the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”), as such requirements relate to record-keeping, disclosure and other fiduciary obligations of registered investment advisers generally and not to the operations of the Funds (or to the Firm’s clients in the aggregate in which case the Funds would be allocated its proportionate share) shall not be operating expenses); and any taxes, fees or other governmental charges levied against the Funds. Fund 1 and Fund 2 have limits on the amount of operating expenses that can be charged per annum as detailed within its Offering Documents.

The Co-Investment Vehicle shall pay or reimburse Primary Wave for any amounts incurred by Primary Wave and/or its personnel from products and/or services of unaffiliated third parties delivered to the Co-Investment Vehicle in connection with services rendered including, without limitation, (1) fees and disbursements of auditors, attorneys and other advisors or consultants, (2) costs of any outside services of independent contractors and (3) all other expenses actually incurred by Primary Wave and/or its personnel in rendering services. The Co-Investment Vehicle shall be liable to pay for any organizational expenses incurred on behalf of the Co-Investment Vehicle by Primary Wave and/or its personnel from any and all third parties incurred on or after November 25, 2015 up to a cap pursuant to the governing documents.

For the avoidance of doubt, neither the Fund nor the Co-Investment Account will be responsible for any fees or expenses paid to any placement agent in relation to any capital commitment made to the Fund or Co-Investment Account.

- D. The Funds are expected to generally pay management and other related fees, in advance, as further disclosed in the related Offering Documents.

The Co-Investment Vehicle is expected to generally pay business services fees in advance as further disclosed in the Services Agreement and related documents.

The removal of a Fund General Partner affiliated with Primary Wave may be effected only in accordance with the processes set out in the relevant Fund’s governing documents. Upon such termination, any prepaid, unearned fees will be refunded by Primary Wave in a manner detailed within the respective Fund’s Offering Documents.

- E. Neither Primary Wave nor any of the Firm’s supervised persons will accept compensation for the sale of securities or other investment products.

It is critical that investors refer to the relevant confidential private offering memorandum and other governing documents for a complete understanding of

how Primary Wave is compensated and a complete understanding of the Clients' expenses. The information contained herein is a summary only and is qualified in its entirety by such documents.

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

The General Partners/Primary Wave receives performance-based compensation from all of its Clients. As a result, Primary Wave does not anticipate having the potential conflicts of interest that arise when an investment adviser has both Clients that pay performance-based compensation and Clients that do not. However, the existence of performance-based compensation creates an incentive for Primary Wave to make more speculative investments on behalf of Client portfolios than it would otherwise make in the absence of such performance-based arrangements. In addition, differences in performance-based fees across Clients creates an incentive for Primary Wave to invest assets in a manner that would favor a certain Client over other Clients. To address this issue, Primary Wave has implemented policies and procedures in an effort to address, mitigate or assess conflicts of interest, including: a code of ethics; adhering to an investment allocation policy, which has been designed to ensure fair and equitable allocation of investment opportunities among those Clients that are eligible for such investment opportunities; and disclosure of the potential conflicts in this Brochure. While Primary Wave seeks to prevent or detect and disclose the occurrence of conflicts, there is no guarantee that Primary Wave's policies will reveal every actual or potential occurrence of conflicts.

ITEM 7. TYPES OF CLIENTS

Primary Wave's Clients are the Funds and the Co-Investment Vehicle, which are private equity pooled investment vehicles. Investment advice is provided directly to the Funds and/or Co-Investment Vehicle and not individually to every investor in those private equity pooled investment vehicles. Interests in the Funds may be purchased only by individuals and entities who are "**accredited investors**" as defined in Regulation D promulgated under the Securities Act of 1933, as amended ("**1933 Act**") and "**qualified purchasers**" (as defined in the Investment Company Act of 1940, as amended ("**1940 Act**"). These investors may include other private funds, public and private pension funds, financial institutions, insurance companies, high net worth individuals and family offices.

Fund investors are required to commit or contribute certain minimum capital amounts to become limited partners of the respective limited partnership as disclosed in the confidential private offering memorandum of the corresponding Fund. Currently, the minimum required investment in the Funds is \$5,000,000. This minimum amount is subject to change or waiver at the sole direction of the General Partners. The Co-Investment Vehicle is not subject to a minimum investment amount.

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

- A. Primary Wave will look to invest in a portfolio of music copyrights through acquisitions, administration, advances and structured agreements in relation to music royalty interests from a range of genres and artists in the music publishing industry. The Funds will have discretion to invest in a wide range of music copyrights and royalty streams, including, but not limited to, assets that are known in the music industry as music publishing, writers share, administration income, producer royalties, master royalties and neighboring rights (each a “Music Asset” and collectively “Music Assets”). Primary Wave has a team of experienced music investment professionals, trained to identify and evaluate musical intellectual property, copyright and music catalog deals. Their tenure in the music industry will benefit the sourcing and distribution opportunities originated by their synergistic business. An essential criteria in the analysis of prospective Music Assets for the Funds is that Primary Wave needs to have conviction that it can positively impact the value of the investment with its marketing expertise and platform.

Primary Wave may also identify individuals or firms that are generally industry executives or independent sponsors (referred to as “**Strategic Partners**”) who assist with the sourcing and/or execution of investments which meet the criteria of the Funds’ investment strategy. Strategic Partners may co-invest in such investments and/or may receive transaction fees or equity incentives in relation to the consummated investments they helped source and/or execute.

Primary Wave is tasked with sourcing potential catalog investment opportunities for the Co-Investment Vehicle, and pursuant to the Co-Investment Agreement, the Co-Investment Vehicle has a “Co-Investment Right” to receive notice of any and all potential catalog investment transactions for which Primary Wave and Fund 1 or Fund 2 intend on submitting a term sheet. If the Co-Investment Vehicle agrees to the transaction, it shall invest 15% of the total dollar value of such transaction. The Co-Investment Right can be terminated if the Co-Investment Vehicle declines investments in two consecutive transactions. The Co-Investment Vehicle has, under certain circumstances, the option to “Warehouse” an investment and transfer that investment to respective Fund under terms negotiated in the Co-Investment Agreement, and that Fund has the obligation to purchase the investment.

A full description of the Firm’s investment strategy and processes are included in each Client’s Offering Documents. The information contained herein is a summary only and is qualified in its entirety by such documents.

- B. **Listed below are some of the risks associated with an investment in the Clients.**

The following explanation of certain risks is not exhaustive, but rather highlights some of the more significant risks involved in the Clients’ investment strategies. For a complete explanation of the Clients’ relevant investment

strategies and their associated risks, investors should review the relevant Offering Documents/governing documents, which may contain additional explanations of strategies, risks and other related details not discussed below.

General. Investing in the Clients involves a high degree of business and financial risk that can result in substantial losses. In order for the Clients to succeed, the Firm must be able to accurately identify potentially successful Music Assets, a process which is difficult even for those with extensive experience in the music intellectual property field. An investment in a Client Account is highly speculative, involves a high degree of risk and could result in the loss of part or all of an investor's capital contribution. Therefore, investors should not subscribe for interests unless they can bear such a loss. Moreover, there can be no assurance that the Clients' investment objectives will be achieved and investment results may vary materially from one reporting period to the next. Consequently, an investment in a Client Account is suitable only for sophisticated investors with other substantial assets who are capable of making an informed independent decision as to the risks involved in an investment in a Client Account.

Music Industry. The music industry has undergone rapid and dramatic changes over the last several years as a result of a variety of factors including digital and other innovations in the distribution of music, including by means of music streaming and the advent of music subscription services; competition in the music recording, performance, distribution and publishing space has increased as media companies – including giant media companies with substantial resources (including cable, internet services, and hardware manufacturers) continue to drive innovation and evolution. The General Partners believe that these changes are net favorable to music publishers, but the future of innovation and industry changes cannot be predicted.

Music Publishing Trends. There is significant uncertainty as to the nature and scale of the future development of the music industry. As such, it is not certain that current royalty income sources will be maintained or replaced with other income sources of a similar value. While the General Partners believe that music streaming will experience long term growth in adoption and will emerge as the driver of a long-term growth trajectory for income streams generated for the benefit of music copyright owners, there is no guarantee that such growth will in fact materialize.

Copyright Ownership. Under U.S. law, a copyright generally arises automatically upon creation and there is no requirement to register it. In other countries, there may be no copyright registration agency, or there may be an absence of any legal right analogous to U.S. copyright. Hence, disputes regarding ownership are a risk to which the Clients may be exposed. The royalty income arising from a copyright acquired by the Clients may be challenged by third parties claiming rights to the same royalty income and copyright. Investments made in copyrights, master recordings and other related rights are not

perpetual rights; they expire or revert at the end of the relevant time period. Once they expire or revert, third parties may use the rights without payment of royalty and hence the income and value related to the relevant copyright will end.

Investment Strategy. The success of the Clients will be dependent on the ability to successfully exploit Music Asset investments through a variety of means including the Clients' strategies of catalog investment opportunities, music administration and new music, and there is no assurance that, assuming Music Assets are owned or controlled by the Clients, that Primary Wave will be successful in finding sufficient opportunities to exploit these Music Assets which would result in royalty and other income to the Client Accounts.

Sourcing of Investments. The success of the Clients depends on the availability of, as well as the ability of the Clients to identify, suitable investments. There can be no assurances that the General Partners will be able to locate suitable investment opportunities and that the Clients can acquire these at appropriate price levels. Therefore, the Clients may not be able to fully invest the committed capital and the return potential on a commitment may be reduced. While there has been substantial consolidation in the publishing industry, the General Partners believe that the growth of music streaming will attract new entrants, which may cause increasing demand and competition for music copyrights and their related income streams. While the General Partners believe that the Clients will be successful in achieving multiple expansion by aggregating a critical mass portfolio, there are no assurances such multiple expansion will be achieved or that exit multiples will be otherwise favorable for the Clients.

The Clients' Due Diligence. There can be no assurance that the General Partners' and Primary Wave's due diligence processes will uncover all relevant facts that would be material to an investment decision. Before making an investment, the General Partners and Primary Wave will assess factors that they believe are material to the performance of the investment. In making the assessment and otherwise conducting customary due diligence, the General Partners and Primary Wave will rely on the resources available to them and, in some cases, investigations by third-parties.

Expedited Investment Decisions. Investment analyses and decisions by the General Partners and Primary Wave may frequently be required to be undertaken on an expedited basis to take advantage of investment opportunities. In such cases, the information available to the General Partners and Primary Wave at the time of making an investment decision may be limited, and the General Partners and Primary Wave may not have complete information regarding the investment asset(s). Therefore, no assurance can be given that the General Partners or Primary Wave will have knowledge of all circumstances that may adversely affect an investment. In addition, the General Partners and Primary Wave may rely upon specialized expert input from third-party consultants and service providers in connection with their evaluation of proposed investments.

Concentration of Investments. Due to the Clients' investment concentration in the music industry, the performance of a few holdings or of the music industry may substantially affect its aggregate return. Furthermore, to the extent that the capital raised is less than the targeted amount, the Clients may invest in fewer portfolio assets and thus be less diversified.

Leveraged Investments. The Clients may make use of leverage by incurring debt to finance a portion of its investment in a given Music Asset or to pay Client expenses. The Clients will leverage assets only when there is an expectation that leverage will provide a benefit, such as enhancing returns, although the Clients cannot assure that the use of leverage will prove to be beneficial. Leverage generally magnifies both the Clients' opportunities for gain and its risk of loss from a particular investment magnifying changes in the Clients' net worth. Although the General Partners will seek to use leverage in a prudent manner, the leveraged capital structure will increase the exposure of the Clients to adverse economic factors such as rising interest rates, downturns in the economy or deteriorations in the condition of the Clients' Music Asset investments. Increases in credit spreads in the market generally may adversely affect the market value of the Clients' investments.

The cost and availability of leverage generally, and specifically to finance acquisitions of Music Assets, is highly dependent on the state of the broader credit markets, which state is difficult to accurately forecast, and at times it may be difficult to obtain or maintain the desired degree of leverage. The Clients' failure to obtain leverage at the contemplated levels, or to obtain leverage on attractive terms, could have a material adverse effect on the Clients. The Clients may incur indebtedness in which recourse is not limited to specific assets of the Clients and indebtedness which is collateralized by more than one Client asset.

In addition, the Clients may incur indebtedness that may bear interest at variable rates. Variable rate debt creates higher debt service requirements if market interest rates increase, which would adversely affect the Clients. The Clients may in the future engage in transactions to limit its exposure to rising interest rates as it deems appropriate and cost effective, which transactions could expose the Clients to the risk that counterparties to such transactions may not perform and cause the Clients to lose the anticipated benefits therefrom, which would have the adverse effects associated with increases in market interest rates.

Projections. Projected financial results of Music Assets in which the Clients invest normally will be based primarily on projections prepared by the General Partners. Projections are only estimates of future results that are based on, among other considerations, assumptions regarding the performance of the Clients' investments, the amount and terms of available financing and the manner and timing of dispositions, including possible asset recovery and remediation strategies, all of which are subject to significant uncertainty. There can be no assurance that the results set forth in the

projections will be attained, and actual results may be significantly different from the projections. Actual results may be driven by a number of factors specific to the Music Assets available to or purchased by the Clients, success in exploiting Music Assets and general economic factors.

Counterparty Risk. There are a wide variety of counterparties which either pay or pass through royalties on music copyrights. Mismanagement within any of these counterparties may result in delayed or nonpayment of royalties earned and could therefore delay and/or reduce the income collected for the Clients.

Disposition of Investment Risks. In connection with the disposition of an investment, the Clients may be required to make representations about the investment typical of those made in connection with the sale of any property. Although the Clients will attempt to structure transactions so that it does not have to do so, the Clients may also be required to indemnify the purchasers of such investment to the extent that any such representations turn out to be incorrect, inaccurate, or misleading. These arrangements may result in contingent liabilities, which might ultimately have to be funded by the investors to the extent of their unfunded commitments, or, in some cases, the Clients may have to reserve for such contingencies.

Illiquidity. The Clients' investments should be viewed as illiquid. Such illiquidity may limit the ability of the Clients to vary its portfolio of investments in response to changes in economic and other conditions. Illiquidity may result from the absence of an established market for investments as well as the legal or contractual restrictions on their resale.

High Degree of Risk. All investments risk the loss of capital. No guarantee or representation is made that an investment in the Clients will be successful or that the Clients' investment objectives will be met. Investment in the Clients should be part of an overall investment strategy which prospective investors should develop with the assistance of their own advisors. The Clients are managed on a discretionary basis. Accordingly, investors will not have an opportunity to evaluate or approve specific investments prior to investing. Investors will be relying on the ability of the General Partners and Primary Wave, who will have wide latitude within the broad investment guidelines in determining the types of assets it may decide are proper investments for the Clients, to identify, consummate and manage investments. Investors have no right or power to take part in the Clients' management, other than by voting on certain other matters as provided in their respective governing documents. Accordingly, no person should invest in a Client Account unless such person is willing to entrust all aspects of the Client's management to Primary Wave and the General Partners.

Reliance on the General Partners and Primary Wave. Control over the operation of the Clients will be vested with the General Partners and Primary Wave, and the Clients' future profitability will depend largely upon the business and investment acumen of the management team and key employees of the General Partners and Primary Wave. There

can be no assurance that these individuals will remain in the employ of the General Partners or Primary Wave or otherwise continue to be able to carry on their current duties throughout the Clients' term. The loss of the services of any of such individuals could have a material adverse effect on the Clients' operations, and the Clients' ability to realize its investment objectives. Investors generally have no right or power to take part in the management of the Clients, and as a result, the investment performance of the Clients will depend on the performance of the General Partners and Primary Wave. In addition, certain changes in the General Partners or Primary Wave or circumstances relating to the General Partners or Primary Wave may have an adverse effect on the Clients or one or more of its Music Asset investments, including potential acceleration of debt facilities.

Transactions with Affiliates. The General Partners may, from time to time in the conduct of Client affairs, cause the Clients to utilize the services of or otherwise engage in business activities with and make payments to affiliates of the General Partners. Although such transactions must be conducted on terms no less favorable than a third-party arm's-length basis or as otherwise permitted under the Clients' governing documents, such transactions may involve a conflict of interest on the part of the General Partners.

Investment Opportunities Conflicts of Interest. The General Partners and its affiliates engage in a broad spectrum of Music Asset investment activities that are independent from, and may from time to time conflict with, the Clients. In the future, there might arise instances where the interests of the General Partners and its affiliates conflict with the interests of the Clients and/or the Limited Partners. Certain affiliates of the General Partners may engage in transactions with, provide services to, invest in, advise, sponsor and/or act as investment manager to portfolio companies, investment vehicles and other persons or entities that may have similar structures and investment objectives and policies to those of the Clients and that may compete with the Clients for investment opportunities and that may co-invest with the Clients in certain transactions. While the General Partners believe the risk of these conflicts has been mitigated, conflicts of interest may still arise.

General Partners Conflict of Interest. The General Partners currently manages other business activities as well as specific legacy investments in addition to those to be made by the Clients and may devote a portion of its efforts to the management of such activities and investments. The General Partners will continue to manage and monitor such activities and investments, although the General Partners expect that the time required to do so will be significantly less than will be spent on the affairs of the Clients, its portfolio entities and assets, any alternative investment vehicles, any co-investment or other vehicles, Primary Wave and the respective successors and affiliates of each of the foregoing.

Management Team Conflicts of Interest. The General Partners expect Primary Wave's management team to be actively involved in the management of the Clients. However, certain members of Primary Wave's management team may have conflicts in allocating their time and services among the Clients and other ventures. Thus, while it is anticipated that members of Primary Wave's management team will devote as much time to the Clients as Primary Wave deems appropriate, certain members of the management team may have to devote a substantial amount of time to matters other than the Clients.

Consequences of Default. If a Limited Partner fails to pay when due installments of its Commitment to the Funds, and the contributions made by non-defaulting Limited Partners and borrowings by the Funds are inadequate to cover the defaulted contribution, the Funds may be unable to pay its obligations when due. The non-defaulting Limited Partners may be required to contribute additional capital to replace such shortfall, but not in excess of their total Commitments. Thus, a default by one or more Limited Partners could cause the Funds to lose investment opportunities due to the use of Commitments to fund shortfalls. Further, the Funds may be subjected to significant penalties that could materially adversely affect the returns of all Limited Partners (including non-defaulting Limited Partners). In addition, each defaulting Limited Partner may incur significant economic losses as a result of its default. If a Limited Partner fails to make any required funding under the Offering Documents when due, such defaulting Partner may be subject to interest accruing on defaulted amounts, forfeiture of a portion of its interest, compulsory transfer at a discounted price, loss of voting rights and other remedies set forth in the Partnership Agreement. Such remedies are not exclusive and the General Partners reserve the right to bring actions to compel specific performance and avail itself of other remedies existing at law or in equity. The General Partners may waive or apply any of the foregoing remedies at any time in its sole discretion. A default by a Limited Partner would have a material adverse impact on its interest in the Funds.

C. Please refer to Item 8.B above.

ITEM 9. DISCIPLINARY INFORMATION

There have been no legal or disciplinary events involving either Primary Wave or any of its management persons that are material to the Firm's advisory business.

ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

- A. Neither Primary Wave nor any of its management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither Primary Wave nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.
- C. The General Partners serve as the general partner of the Funds and Primary Wave is the management company to the Clients. Primary Wave, its employees or their related persons may also invest directly in the Clients. It should be noted that investments in the Clients made by such parties are generally not subject to the management fees or performance-based fees described in Item 5 above. The Funds, each a Delaware limited partnership, are affiliates of Primary Wave, as is Primary Wave Music IP Fund 1 GP LLC and Primary Wave Music IP Fund 2 GP, LLC, each a Delaware limited liability company and the Funds' General Partners. The General Partners are majority owned by PWMP Ventures LLC, a Delaware limited liability company. Primary Wave has entered into a Service Agreements with PWMP Ventures LLC, whereby PWMP Ventures LLC along with Primary Wave, will carry out ongoing management responsibilities of the Clients. Primary Wave deems the individuals employed by PWMP Ventures LLC access persons of Primary Wave, and therefore such individuals employed by PWMP Ventures LLC will adhere to Primary Wave's Compliance Policies and Procedures (including the Code of Ethics). Primary Wave Publishing LLC provides operational services to Primary Wave. Primary Wave Publishing LLC is paid out of the management fees earned by Primary Wave. Further, an independent investment committee member is a partner at the Funds' legal counsel.

Employees and independent committee members are required to disclose their outside business activities on an annual basis.

- D. Primary Wave does not recommend or select other investment advisers for its Clients.

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

- A. As an investment adviser, Primary Wave may face certain conflicts of interest, including, but not limited to, those identified in its Offering Documents. Primary Wave has adopted policies and procedures to address such potential conflicts of interest. Primary Wave's Code of Ethics ("Code") describes the Firm's fiduciary duties and responsibilities to its Clients, requires that the Firm's supervised persons and access persons to act in the best interests of its Clients to the exclusion of contrary interests, act in good faith and in an ethical manner, avoid conflicts of interest with the Clients to the extent reasonably possible, and identify and manage conflicts of interest to the extent that they arise. Primary Wave's supervised persons and access persons are also required to comply with applicable provisions of the federal securities laws and make prompt reports to the Firm or other appropriate party of any actual or suspected violations of such laws by Primary Wave or its employees. Initially, upon hire (or being deemed an access person), and generally on an annual basis thereafter, Primary Wave will require that all supervised persons and access persons certify to their receipt, review, understanding and compliance with the provisions of the Firm's Code.

In addition, the Code sets forth formal policies and procedures with respect to the personal investment and securities trading activities of the Firm's supervised persons and access persons. Most importantly, the Code prohibits personal investments and transactions in Music Assets. Furthermore, the Code prohibits personal securities transactions of issuers who have been placed on the Firm's restricted list, and requires written pre-approval for all initial-public offerings and private placements. The Code requires supervised persons and access persons to report all personal securities transactions on a quarterly basis and provide a summary of securities holdings initially upon hire (or being deemed an access person) and on an annual basis thereafter. The Code also addresses outside activities of employees, conflicts of interest, policies and procedures concerning the prevention of insider trading, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and the pre-clearance and reporting of political contributions. Primary Wave will provide a complete copy of the Code to any client or prospective client upon request sent to the Chief Compliance Officer ("CCO") at (212) 988-4964 or bcisneros@primarywave.com.

- B. As previously noted, the Co-Investment Vehicle has, under certain circumstances, the option to "Warehouse" an investment and transfer that investment to Fund 1 under terms negotiated in the Co-Investment Agreement, and Fund 1 has the obligation to purchase the investment.

Further, certain affiliates of the General Partners may engage in transactions with, provide services to, invest in, advise, sponsor and/or act as investment manager to portfolio companies, investment vehicles and other persons or entities that may have

similar structures and investment objectives and policies to those of the Clients and that may compete with the Clients for investment opportunities and that may co-invest with the Funds in certain transactions to portfolio companies, investment vehicles and other persons or entities that may have similar structures and investment objectives and policies to those of the Clients and that may compete with the Clients for investment opportunities and that may co-invest with the Clients in certain transactions.

As explained in Item 10 above, the General Partners serve as the general partners of the Funds and Primary Wave is the management company to the Fund. Primary Wave, its employees or their related persons may also invest directly in the Clients. It should be noted that investments by Primary Wave, its employees or related persons are generally not subject to the management fee and/or the performance-based fee described in Item 5.

The fact that Primary Wave, the General Partners, their affiliates, its employees or their related persons have a financial ownership interest in the Clients creates a potential conflict in that it could cause Primary Wave to make different investment decisions than if they did not have such a financial ownership interest. Further, Primary Wave charge the Clients' fees based on a percentage of capital committed/invested and performance based fees. The management fees are payable without regard to the overall success or income earned by the Clients and therefore may create an incentive on the part of Primary Wave to raise or otherwise increase assets under management to a higher level than would be the case if Primary Wave were receiving a lower or no management fee. The receipt of performance based compensation may create an incentive for Primary Wave to make investments that are riskier or more speculative than it otherwise would.

Complete fee disclosures are provided to investors either in the form of confidential private offering memorandum or other governing document and should be carefully reviewed by prospective investors.

Further, as noted above in Item 11.A, Primary Wave has established a Code that sets forth a standard of business conduct that takes into account Primary Wave's status as a fiduciary and requires supervised persons and access persons to place the interests of the Clients above their own interests.

C. Refer to the response within Item 11.B.

D. Refer to the response within Item 11.B.

ITEM 12. BROKERAGE PRACTICES

- A. Primary Wave will provide investment advice to the Clients primarily with regard to private equity related investments. As such, the Firm's transactions on behalf of the Clients are normally privately negotiated and may not involve the use of a broker or dealer for the execution of Client transactions. In those cases, the Firm will seek to negotiate and execute transactions in an efficient manner and consistent with its fiduciary duties to the Clients. Due to the nature of the Firm's investment advice and relationship with the Clients, Primary Wave does not expect to recommend or select broker-dealers for transactions in the Clients. As of the date of this Brochure, the Firm has not utilized a broker-dealer for Client transactions. If, in the future, the Firm determines to utilize a broker or a dealer to transact on behalf of the Clients, the Firm shall evaluate such broker or dealer based on a range of factors, which may include without limitation commission price, willingness to commit capital, ability to execute the desired transaction and other factors. As a fiduciary, Primary Wave must execute securities transactions in such manner that each Client's total cost or proceeds in each transaction is the most favorable under the circumstances. The determinative factor is whether the transaction represents the best qualitative execution for the account and not whether the lowest possible commission cost was obtained. Thus, the Firm will consider the full range and quality of a broker's service in selecting or recommending brokers to meet best execution obligations, including the ability to access or otherwise execute large transactions in the public market. Primary Wave may not pay the lowest commission rate available. As a starting point, though, the primary consideration is the trade price and commission quoted by the broker-dealers. In addition, Primary Wave does not receive "soft dollars" of any kind.
- B. In order to ensure that Primary Wave treats all Clients fairly and equitably, it is Primary Wave's practice that when appropriate, based upon each Client's investment/risk parameters, assets under management, available cash flow, liquidity and portfolio exposure, to purchase or sell the same investment opportunity for more than one of the Clients then it shall endeavor, but is not obligated, to aggregate the investment opportunity to seek more favorable terms.

ITEM 13. REVIEW OF ACCOUNTS

- A. The Clients' portfolio investments are continually monitored and reviewed by the investment committee. The investment committee, which includes Lawrence Mestel (Founder & CEO of Primary Wave Music Publishing LLC), Ramon Villa (CFO & COO of Primary Wave Music Publishing LLC), William Cisneros, the President of Primary Wave IP Investment Management and CCO of Primary Wave and Barry Brooks (Partner of Paul Hastings LLP), will be responsible for, among other things, reviewing the portfolio investments in the context of each Client's stated objectives and monitoring for portfolio and risk management.
- B. More frequent reviews may be triggered by material changes in key variables that may affect the performance of the portfolio investments, including, without limitation, changes in the financial markets, activity and trends in the political or economic environment, as well as specific circumstances effecting the Clients.
- C. Audited financial statements are provided to investors in the Funds and Co-Investment Vehicle, within 120 days of the end of each Client's fiscal year as required by Rule 206(4)-2 under the Advisers Act (the "Custody Rule"). Investors in the Funds also receive the following written reports:
- unaudited financial statements for the first three quarters of each fiscal year;
 - capital account statements semiannually, and
 - descriptive investment information for each portfolio asset periodically.

ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION

- A. Primary Wave does not receive an economic benefit from anyone, other than the Funds and Co-Investment Vehicle, for providing investment advice or other advisory services to the Funds and Co-Investment Vehicle.
- B. Primary Wave maintained an agreement with an asset management firm which received a placement fee with respect to two investors that each invested \$1 million into Fund 1, with such fees fully disclosed to those investors prior to their investment, and fully paid for by Primary Wave and not by Fund 1.

ITEM 15. CUSTODY

Primary Wave complies with the requirements of Rule 206(4)-2 of the Advisers Act (the “**Custody Rule**”) with regards to the Firm’s custody of the assets of the Funds and Co-Investment Vehicle by meeting the conditions of the pooled vehicle annual audit provision.

Primary Wave will deliver audited financial statements to investors of the Funds and Co-Investment Vehicle within 120 days of their fiscal year ends. The audited financial statements will be prepared by an independent accounting firm that is registered with and subject to review by the Public Company Accounting Oversight Board, in accordance with U.S. Generally Accepted Accounting Principles. Investors should carefully review the audited financial statements.

ITEM 16. INVESTMENT DISCRETION

Primary Wave accepts discretionary authority to manage assets and securities on behalf of the Funds through the applicable Offering Documents. The investors generally do not have the ability to place any limits on the Firm's authority beyond the limitations set forth in the Offering Documents of the Funds.

Primary Wave provides discretionary investment advisory services to the Co-Investment Vehicle pursuant to the Co-Investment Agreement and other governing documents which specify investment mandates and certain limited partner rights for the Co-Investment Vehicle.

ITEM 17. VOTING CLIENT SECURITIES

- A. While the securities evidencing the investments made by the Clients are not typically the subject of proxies, there could be certain circumstances where Primary Wave, having discretionary authority over the Clients, may be asked to vote the securities of the Client Accounts on restructuring or other corporate matters. Primary Wave has adopted a proxy voting policy as required by the Advisers Act. The policy is based on the principle that Primary Wave and its employees owe a fiduciary duty to Clients. While unlikely, the Firm's investment strategy may involve the acquisition of publicly traded securities with voting authority, and as such, Primary Wave may be placed in a position of proxy voting authority. If the Clients do come into possession of securities with proxy voting rights, the Firm will have the authority to vote proxies and will do so in its sole judgement and in the best interests of the Clients. Currently, no Clients have retained the authority to direct Primary Wave's vote. To the extent Primary Wave receives a proxy to vote, the Firm generally believes that company management is best suited to make the decisions that are essential to the ongoing operation of the respective company. Therefore, Primary Wave will generally vote proxies in line with the recommendations of company management. However, under circumstances where the Firm believes that company management's proposal will not maximize value for the Client Accounts, Primary Wave will vote against company management's recommendations. The Firm's proxy voting policy also includes guidance for situations where a proxy vote may present a conflict of interest to ensure that such conflict is resolved in the best interest of the Clients. Clients may obtain information about how proxies were voted or a copy of the Firm's proxy voting policies by contacting the CCO at (212) 988-4964 or bcisneros@primarywave.com.
- B. Not Applicable

ITEM 18. FINANCIAL INFORMATION

- A. Primary Wave does not require or solicit prepayment of more than \$1,200 in fees per Client, six months or more in advance and therefore has not included a balance sheet.
- B. Primary Wave does not believe that there are any conditions that are reasonably likely to impair its ability to meet contractual commitments to the Clients.
- C. Primary Wave has never been the subject of a bankruptcy petition.