

**Item 1. Cover Page**

**Cyprium Investment Partners LLC**

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Part 2A of Form ADV: Firm Brochure  
March 26, 2020

**This brochure provides information about the qualifications and business practices of Cyprium Investment Partners LLC. If you have any questions about the contents of this brochure, please contact us at 216-453-4500. 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 Cyprium Investment Partners LLC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). An investment adviser’s registration with the SEC does not imply a certain level of skill or training.

**Item 2. Material Changes**

This brochure serves as an update to the prior brochure of Cyprium Investment Partners LLC dated as of March 28, 2019 (the “Prior Brochure”). This brochure contains certain updates to the Prior Brochure, including updates regarding fees and expenses, risks, and conflicts of interest.

### **Item 3. Table of Contents**

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

For purposes of this brochure, the “Adviser” means Cyprium Investment Partners LLC, a Delaware limited liability company, together (where the context permits) with its affiliates that provide advisory services to and/or receive advisory fees from the Funds (as defined below) and separately managed accounts (“Managed Accounts”). Such affiliates have in the past and may or may not in the future be under common control with Cyprium Investment Partners LLC but possess a substantial identity of personnel and/or equity owners with Cyprium Investment Partners LLC. In some cases, these affiliates have been and may in the future be formed for tax, regulatory or other purposes in connection with the organization of the Funds or have and may in the future serve as general partners of the Funds.

The Adviser provides investment supervisory services to investment vehicles that are exempt from registration under the Investment Company Act of 1940, as amended (the “1940 Act”) and whose securities are not registered under the Securities Act of 1933, as amended (the “Securities Act”) and has in the past and may in the future provide investment supervisory services to Managed Accounts. As of March 26, 2020, the Adviser serves as the investment manager for Cyprium Investors IV LP, Cyprium Investors V LP and Cyprium Parallel Investors V LP (the “Main Funds”). In the future the Adviser may advise Main Funds and Managed Accounts in addition to those listed herein.

Additionally, the Adviser has and may in the future also organize and serve as general partner (or in an analogous capacity) to alternative investment vehicles (each, an “Alternative Investment Vehicle”) organized to address, for example, specific tax, legal, business, accounting or regulatory-related matters that may arise in connection with a transaction or transactions.

The Main Funds and the Alternative Investment Vehicles are collectively referred to as the “Funds.”

The Funds and Managed Accounts make primarily long-term private equity and equity-related investments, as well as investments in debt instruments. In accordance with the Funds’ and Managed Accounts’ respective investment objectives, investments are generally made in privately owned lower middle market companies in the United States or Canada. The Adviser’s advisory services consist of investigating, identifying and evaluating investment opportunities, structuring, negotiating and making investments on behalf of the Funds and Managed Accounts, managing and monitoring the performance of such investments and disposing of such investments. The Adviser has and, in the future, may serve as the investment adviser or general partner to the Funds in order to provide such services.

The Adviser provides investment supervisory services to each Fund and the Managed Accounts in accordance with the limited partnership agreement (or analogous organizational document) of such Fund or Managed Account or separate investment and advisory, investment management or portfolio management agreements (each, an “Advisory Agreement”).

Investment advice is provided directly to the Funds and not individually to the investors in the Funds. Services are provided to the Funds and Managed Accounts in accordance with the

Advisory Agreements with the Funds and Managed Accounts and/or organizational documents of the applicable Fund. Investment restrictions for the Funds, if any, are generally established in the organizational or offering documents of the applicable Fund or in the applicable Advisory Agreement.

The principal owners of Cyprum Investment Partners LLC are John Sinnenberg, Leland Lewis, Michael Conaton, and Cindy Babitt. The Adviser has been in business since 2011. As of December 31, 2019, the Adviser managed a total of \$717.0 million of client assets, all of which is managed on a discretionary basis.

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

As compensation for investment supervisory services rendered to the Funds and the Managed Accounts, the Adviser receives from each such Fund (including Alternative Investment Vehicles) and Managed Accounts an advisory fee (each, an “Advisory Fee”) typically calculated based on committed capital, or remaining invested capital, with respect to such Fund. Advisory Fees paid by a Fund are indirectly borne by investors in the Fund.

The precise amount of, and the manner and calculation of, the Advisory Fees for each Fund and Managed Account are established by the Adviser, as modified by negotiations with investors in the applicable Fund or Managed Account participant, and are set forth in such Fund’s or Managed Account’s Advisory Agreement, organizational documents and/or other documentation. The Advisory Fees and other fees and distributions described above are generally subject to waiver or reduction by the Adviser in its sole discretion, both voluntarily and on a negotiated basis with selected investors. The fee structures described above have and, in the future, may be modified from time to time. Fees have and, in the future, may differ from one Fund to another, as well as among investors in the same Fund.

Certain investors in the Funds that are employees of the Adviser will typically not pay Advisory Fees in connection with their investment in a Fund. Notwithstanding that such investors will generally not pay Advisory Fees, they will pay for their pro rata share of certain Fund expenses or the pro rata portion of such investors’ expenses will be allocated to the Adviser or the general partner of the applicable Fund.

Advisory Fees billed to and received from the Funds vary Fund by Fund and have been and may in the future be payable quarterly in advance on the first day of the calendar quarter or following the commencement of each period.

Upon termination of an Advisory Agreement, Advisory Fees that have been prepaid are generally returned on a prorated basis.

The Advisory Fees paid by a Fund will generally be reduced by (1) the amount of fees paid by such Fund to persons acting as a placement agent in connection with the offer and sale of interests in such Fund to certain potential investors, (2) the fees incurred by the Adviser in connection with the organization of such Fund that exceed a limit specified in such Fund’s limited partnership agreement or analogous organizational documents and/or (3) certain Other Fees (as defined below) received by the Adviser or its affiliates. The amount and manner of such

reduction is set forth in the Advisory Agreement and/or organizational documents of the applicable Fund and Managed Account. To the extent an Other Fee relates to more than one Fund or Managed Account, the Adviser shall allocate the resulting Advisory Fee reduction among the applicable Fund(s) or Managed Accounts in proportion to their interest (or prospective interest) in the portfolio company. As some Funds may not pay Advisory Fees, any such reduction will not benefit such Funds. Generally, the portion of Other Fees allocable to capital invested by a Fund, co-investment vehicle or third-party investor that does not pay Advisory Fees will be retained by the Adviser and such amounts will not offset any Advisory Fee. In addition, the Adviser has and in the future may waive or reduce all or a portion of the Advisory Fee paid by a Fund in full or partial satisfaction of any obligation of the Adviser and certain employees and affiliates of the Adviser to invest in such Fund.

In addition to the Advisory Fees and Carried Interest, the Adviser and its affiliates have and may in the future receive a variety of other fees relating to the investment activities of a Fund or Managed Account and its portfolio companies including transaction fees, monitoring fees, director fees, financial advisory fees, organization and financing fees, operational fees, commitment fees, break-up and topping fees, divestment fees, termination fees, project fees, fees relating to the arrangement of acquisitions or other financial restructuring, investment banking fees, and/or other types of management consulting and other similar operational and financial matters and/or fees and annual retainers from, or with respect to, the portfolio companies (collectively, "Other Fees"). The amount and timing of Other Fees received by the Adviser or its affiliates are generally specified in the agreement or other documentation governing the applicable transaction. Generally, under the terms of the applicable organizational documents of the Fund and Managed Account, for purposes of calculating any Advisory Fee offset, Other Fees are net of out-of-pocket costs and expenses incurred by the Adviser in connection with consummated or unconsummated transactions or in connection with generating any such fees. These fees are often substantial and may be paid in cash, in securities of the portfolio companies or investment vehicles (or rights thereto) or otherwise. Although Other Fees are in addition to the Advisory Fees, the Adviser will in some circumstances reduce the amount of Advisory Fees paid by the applicable Fund and Managed Account in connection with the receipt of such fees. The amount and manner of such reduction is set forth in the Advisory Agreement and/or organizational documents of the applicable Fund and Managed Account. To the extent an Other Fee relates to more than one Fund or Managed Account, the Adviser shall allocate the resulting Advisory Fee reduction among the applicable Fund(s) or Managed Account(s) in proportion to their interest (or prospective interest) in the portfolio company. Generally, the portion of Other Fees allocable to capital invested by a Fund, co-investment vehicle or third-party investor that does not pay Advisory Fees will be retained by the Adviser and such amounts will not offset any Advisory Fee. As some Funds do not pay Advisory Fees, any such reduction will not benefit such Funds.

From time to time, the Adviser enters into an arrangement whereby a portion of an Other Fee that would otherwise be payable from an actual or prospective portfolio company to the Adviser or its affiliates or personnel will instead be paid directly by such portfolio company to a third party ("Third Party Fee"), such as a consultant, advisor, finder, broker, member of the "advisory council", co-investor and/or investment bank. In such event, the Third Party Fee is not a fee received by the Adviser and therefore, the Adviser is not required under the terms of the applicable organizational documents of the Funds or the Managed Account agreements to share

such Third Party Fee with the Funds or Managed Accounts (and their investors) and such Third Party Fee will not reduce the Advisory Fee.

The Adviser and its affiliates also engage and retain senior advisors, advisers, consultants, members of the “advisory council” and other similar professionals who are not employees or affiliates of the Adviser and who may, from time to time, receive payments from, or allocations with respect to, portfolio companies and/or other entities. In such circumstances, the amounts of such fees or other compensation received by such persons are generally retained by such persons and will not be deemed paid to or received by the Adviser and its affiliates and such amounts will not be subject to the sharing arrangements described above and will not benefit the Fund, Managed Account or their investors. For a discussion of material conflicts of interest created by the engagement of such persons, please see “Providers of Operations Support” in Item 11 below.

Additionally, a portfolio company has and may in the future reimburse the Adviser for expenses (including without limitation travel expenses, which has and may in the future include expenses for chartered or first class travel) incurred by the Adviser in connection with its performance of services for such portfolio company, and such reimbursements are not subject to the sharing arrangements described above. For a discussion of material conflicts of interest created by the receipt of such fees and reimbursements, please see Item 11 below.

To the extent provided in the Advisory Agreements and the partnership agreements and other organizational documents of the Funds, the Adviser will pay out of Advisory Fees certain operating expenses, including costs, expenses, liabilities and obligations relating to the Fund’s activities, investments and business (to the extent not borne or reimbursed by a portfolio company), including, without limitation, (i) all costs, expenses, liabilities and obligations attributable to acquiring, holding and disposing of a Fund’s investments (including, without limitation, interest on money borrowed by the Fund, its General Partner or the Adviser on behalf of the Fund; registration expenses; brokerage, finders’, custodial and other fees; and insurance, litigation and indemnification costs, expenses, judgments and settlements), (ii) legal, accounting, auditing, consulting, financing and other fees and expenses (including, without limitation, expenses associated with the preparation of the Fund’s financial statements, tax returns and forms K-1), (iii) expenses of the Fund’s advisory committee (including, without limitation, reasonable fees and expenses of legal counsel and financial consultants engaged by the advisory committee in connection with the advisory committee’s services to the Fund), (iv) all out-of-pocket fees and expenses incurred by the Fund, the General Partner, the Adviser or its affiliates relating to investment and disposition opportunities for the Fund not consummated (including, without limitation, legal, accounting, auditing, consulting and other fees and expenses, financing commitment fees, real estate title and appraisal costs, and printing), (v) all unreimbursed out of pocket fees and expenses incurred by the Fund, the Adviser or its affiliates in connection with any conference or meeting of the limited partners of the Fund, (vi) the management fee, (vii) any taxes, fees and other governmental charges levied against the Fund not reimbursed, (viii) any private placement fees and expenses paid to third parties in connection with the organization and funding of the Fund and (ix) expenses related to organizing and operating entities through or in which portfolio investments will be made as well as any other fees or expenses incurred by the Adviser or such Fund in connection with such Fund’s operations that are not specifically set forth above as being paid by the Adviser.

### *Allocation of Expenses*

The appropriate allocation between Funds, Managed Accounts and third parties of expenses and fees generated in the course of evaluating and making investments which are not consummated, such as out-of-pocket fees associated with due diligence, attorney fees and the fees of other professionals, will be determined by the Adviser and its affiliates in their good faith discretion, consistent with the organizational documents of the Funds and the Managed Account agreements, as applicable. There have been occasions and which may happen in the future when one Fund or Managed Account (the “Payor Fund”) or the Adviser pays an expense common to multiple Funds or Managed Accounts (the “Allocated Funds”) (e.g., legal expenses for a transaction in which all such Funds participate). On such occasions, each Allocated Fund will reimburse the Payor Fund or the Adviser for its share of such expense, without interest, promptly after the payment is made by the Payor Fund. While highly unlikely, it is possible that one of the Allocated Funds could default on its obligation to reimburse the Payor Fund.

If a proposed transaction is not consummated, the full amount of any expenses relating to such proposed but not consummated transaction (“Dead Deal Costs”) will generally be borne by the Fund or Funds selected by the Adviser as proposed investors for such proposed transaction. Similarly, co-investment vehicles (and co-investors) are not typically allocated any share of break-up fees received in connection with such an unconsummated transaction. Dead Deal Costs may include, among other things, legal, accounting advisory, consulting or other third-party expenses (including amounts payable to Operations Support Partners (as defined in Item 11 below) and other third parties), any travel and travel-related and accommodation expenses, all fees, costs and expenses of lenders, investment banks and other financing sources in connection with arranging financing for a proposed investments, any break-up fees, reverse termination fees, topping, termination or other similar fees, extraordinary expenses such as litigation costs and judgments and other expenses, and any deposits or down payments of cash or other property which are forfeited in connection with a proposed investment that is not consummated.

From time to time the Adviser will be required to decide whether certain fees, costs and expenses should be borne by a Fund or Managed Account, on the one hand, or the Adviser on the other hand, and/or whether certain fees, costs and expenses should be allocated between or among Funds, Managed Accounts and/or other parties. Certain expenses may be the obligation of one Fund or Managed Account and may be borne by such Fund or Managed Account, or expenses may be allocated among multiple Funds, Managed Accounts and entities. In exercising its discretion to allocate investment opportunities and fees and expenses, the Adviser is faced with a variety of potential conflicts of interest. For example, in allocating an investment opportunity among Funds or Managed Accounts with differing fee, expense and compensation structures, the Adviser has an incentive allocate investment opportunities to the Funds or Managed Accounts from which the Adviser or its related persons derives, directly or indirectly, a higher fee, compensation or other benefit. Such allocation determinations are inherently subjective and give rise to conflicts of interest due to the inherent biases in the process.

To the extent not allocated to a portfolio company, the Adviser will allocate fees and expenses incurred in the course of evaluating and making investments that are consummated between Funds or Managed Accounts in accordance with each Fund’s Organizational Documents or Advisory Agreement of the Managed Account, or, to the extent not addressed in such



Organizational Documents or Advisory Agreements, pro rata based on the respective total capital commitments of such Funds.

With respect to allocating other expenses among Fund(s) and/or co-investors (including third parties), as appropriate, the Adviser will make any such allocation determination on a fair and reasonable manner using its good faith judgment, notwithstanding its interest (if any) in the allocation. The Adviser will make any corrective allocations and take any mitigating steps if it determines such corrections are necessary or advisable. Notwithstanding the foregoing, the portion of an expense allocated to a Fund for a particular service may not reflect the relative benefit derived by such Fund from that service in any particular instance.

Additionally, please see Item 6 below regarding “Carried Interest” that the Funds have in paid in the past and may pay in the future.

Although the Adviser does not generally utilize the services of broker-dealers to effect portfolio transactions for the Funds, in the event that it chooses to use a broker-dealer for limited purposes relating to a particular Fund, such Fund will incur brokerage and other transaction costs. For additional information regarding brokerage practices, please see Item 12 below.

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

With respect to each Fund and Managed Account, a portion of the profits of each Fund is distributed to its general partner, if any, as “carried interest” (the “Carried Interest”). Each general partner of a Fund is a related person of the Adviser. Carried Interest paid by a Fund is indirectly borne by investors in such Fund.

The payment of Carried Interest at varying rates (including varying effective rates based on the past performance of a Fund) may create an incentive for the Adviser to disproportionately allocate time, services or functions to Funds paying Carried Interest, or allocate investment opportunities to such Funds. Generally, and except as may be otherwise set forth in the organizational documents of the Funds, this conflict is mitigated by provisions restricting the Adviser and its principals from establishing a new investment fund with objectives substantially similar to those of the applicable Fund until the earlier of (i) the end of the Fund’s investment period or (ii) such time as the applicable Fund is at least 75% (of the Fund’s committed capital) invested or committed (including amounts reserved for follow-on investments) or used to pay (or reserved) for operating expenses and liabilities. Any Alternative Investment Vehicle will generally contain terms and conditions substantially similar to those of the applicable Main Fund with respect to which it is formed and profits and losses of an Alternative Investment Vehicle generally will be aggregated with those of such applicable Main Fund for purposes of determining distributions by the applicable Main Fund and the Alternative Investment Vehicle (except as may be advisable because of legal, regulatory or tax constraints). Please also see Item 12 below regarding trade aggregation, as well as Item 11 below for additional information relating to how conflicts of interests are generally addressed by the Adviser.

## **Item 7. Types of Clients**

The Adviser currently provides investment supervisory services to the Funds and certain institutional investors through Managed Accounts. Investment advice is provided directly to the Funds and not individually to investors in such Fund.

Interests in the Funds are offered pursuant to applicable exemptions from registration under the Securities Act and the 1940 Act. Investors in the Funds are generally “qualified purchasers” as defined in the 1940 Act, and have and may in the future include, among others, high net worth individuals, banks, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, limited partnerships and limited liability companies or other entities.

The Adviser does not have a minimum size for a Fund, but minimum investment commitments have been and, in the future, may be established for investors in the Funds. The general partner of each Fund has and in the future may in its sole discretion permit investments below the minimum amounts set forth in the offering documents of such Fund.

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

### Methods of Analysis and Investment Strategies

#### Investment Strategy

The Adviser generally makes “non-control” or “minority” investments that take the form of subordinated debt, preferred equity, and common equity, individually or in combination.

The Adviser believes that the dynamics of the non-control market create an environment where disciplined, experienced investors can generate attractive absolute and risk-adjusted returns. The Adviser believes that leverage and expected returns (“pricing”) for non-control capital reflect the moderated risk appetite of controlling shareholders who are likely maintaining a significant concentration of their net worth in the equity of the business. This illiquid “re-investment” commitment provides the basis for the Adviser to differentiate its capital on characteristics other than price and without significant upward pressure on leverage multiples often seen in the leveraged buyout market.

The Adviser targets investment opportunities driven by a wide array of factors beyond a seller’s desire to exit an investment. As a result, the Adviser selectively evaluates and participates in a wide variety of investment opportunities, which significantly reduces its dependence on any one industry segment, stage of the economic cycle, state of the capital markets or pace of merger and acquisition activity.

#### Investment Process

The Adviser evaluates hundreds of investment opportunities each year in order to find those investments that meet its criteria. Due diligence is conducted with increasing levels of intensity as the transaction moves closer to approval through the Adviser’s evaluation process. The

transaction review process is specifically designed to leverage the group's collective expertise and insights.

The Adviser's investment professionals convene weekly to review the progress of each investment being considered and to discuss new investment opportunities uncovered during the previous week. Such meetings provide the opportunity for each investment professional to comment on, and contribute to, evolving perceptions of risk and risk mitigants throughout the due diligence process. If the proposed transaction fits the Adviser's investment criteria, an early warning memo outlining the potential investment is submitted to the principal owners of Cyprium Investment Partners and investment professionals for review. If the investment thesis is favorably received by the principal owners of Cyprium Investment Partners, the Adviser increases the intensity of its diligence investigation, which includes a detailed analysis of the forces influencing the company's historical and prospective profitability, its management team, the competitive structure of the industry, and eventual exit opportunities. Before an investment can be completed, the investment team – always led by a partner – prepares a detailed memorandum of their findings for review and final approval by the principal owners of Cyprium Investment Partners and investment committee. Post-close, the investment team which was responsible for diligence and documentation will provide on-going monitoring and board level involvement.

## Risks

Investing in securities involves a substantial degree of risk. A Fund and Managed Account may lose all or a substantial portion of its investments, and investors in the Funds and Managed Account participants must be prepared to bear the risk of a complete loss of their investments.

In addition, material risks relating to the investment strategies and methods of analysis described above, and to the types of securities typically purchased by or for the Funds and Managed Accounts, include the following:

### *Business Risks*

The Funds' and Managed Accounts' investment portfolios will likely consist primarily of private equity and mezzanine investments in middle market companies and have and may in the future include, among others, management or shareholder buyouts, recapitalizations, restructurings, and growth capital for acquisitions or expansion. Such investments involve a high degree of business and financial risk which can result in substantial losses. Portfolio companies have and in the future may be in early stages of development, had and may in the future have operating losses or significant variations in operating results and have and may in the future be engaged in rapidly changing business with products subject to a substantial risk of obsolescence. Portfolio companies may also include companies that are experiencing or are expected to experience financial difficulties, which may never be overcome. In addition, they may have weak financial conditions and, in some cases, have and in the future may require substantial additional capital to support their operations, to finance expansion or to maintain their competitive positions. Portfolio companies face intense competition, including competition from companies with

greater financial resources, more extensive development, manufacturing, marketing, and other capabilities and a larger number of qualified managerial and technical personnel.

It is anticipated that a substantial portion of the Funds' and Managed Accounts' assets will be lent to or invested in portfolio companies that have above-average leverage, which have and may in the future impair such companies' ability to finance their future operations and capital needs, and have and may in the future result in restrictive financial and operating covenants. As a result, such companies' flexibility to respond to changing business and economic conditions and to business opportunities may be limited. Adverse factors such as rising interest rates, downturns in the economy or deteriorations in the condition of a portfolio company or its industry could jeopardize a company's ability to meet its debt service obligations (including subordinated debt investments of the Funds and Managed Accounts). In addition, in the event that such companies do not perform as anticipated or incur unanticipated liabilities, high leverage will magnify the adverse effect on the value of the companies' equity and could result in substantial diminution in, or the total loss of, equity investments in such companies.

The Funds and Managed Accounts will receive interest payments on subordinated loans to portfolio companies. However, a portion of the success of the Funds and Managed Accounts will depend on gains generated from the equity participation of such loans and gains generated from common and preferred stock investments. It is uncertain as to when such gains, if any, will be realized.

#### *Investment in Junior Securities*

The securities in which the Funds and Managed Accounts have and, in the future, may invest may be among the most junior in a portfolio company's capital structure, and thus subject to the greatest risk of loss. The preferred equity and debt securities in which the Funds and Managed Accounts have and in the future may invest will generally be unsecured and have and in the future may be subordinated to substantial amounts of senior debt, all or a significant portion of which have and in the future may be secured. In addition, these securities may not be protected by any or all the financial covenants, such as limitations upon additional indebtedness, typically protecting such senior debt. Holders of mezzanine debt and other junior capital securities generally are not entitled to receive any payments in bankruptcy or liquidation until senior creditors are paid in full. Holders of preferred equity are not entitled to payments until all creditors are paid in full. In addition, the remedies available to holders of mezzanine debt are normally limited by restrictions benefiting senior creditors. In the event any portfolio company cannot generate adequate cash flow to meet senior debt service, the Funds and Managed Accounts have and, in the future, may suffer a partial or total loss of capital invested in such preferred equity and/or debt securities. There can be no assurances that portfolio companies will not experience financial difficulties which have and, in the future, may result in significant losses.

#### *Foreign Investments*

Investments in non-U.S. companies involve the following risks: (i) currency exchange risks (as described in more detail below), controls on, and changes in controls on, foreign investment and

limitations on repatriation of invested capital and on the Fund's or Managed Account's ability to exchange local currencies for U.S. dollars; (ii) differences between U.S. and non-U.S. securities markets, including potential price volatility in and relative illiquidity of some non-U.S. securities markets, the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements and less governmental supervision and regulation; (iii) changes in tax treaties; and (iv) the possible imposition of non-U.S. taxes on income and gains recognized with respect to such investments (as described in more detail below). While the Adviser and the general partners of the Funds intend, where they deem appropriate, to manage the Funds and the Managed Accounts in a manner that will minimize exposure to the foregoing risks, there can be no assurance that adverse developments or changes in law in certain non-U.S. countries in which the Funds and Managed Accounts invest will not adversely affect the value of Funds' and Managed Accounts' investments located in such countries.

The economies of individual non-U.S. countries may differ favorably or unfavorably from the U.S. economy in such respects as growth of gross domestic product, rate of inflation, volatility of currency exchange rates, depreciation, capital reinvestment, resource self-sufficiency and balance of payments position.

#### *Currency Exchange Risk*

The books of the Funds and Managed Accounts will be maintained, and contributions to and distributions from the Funds generally will be made, in U.S. dollars. The Funds' and Managed Accounts' non-U.S. investments, however, has and in the future may be denominated in currencies other than the U.S. dollar, and hence the value of such investments will depend in part on the relative strength of the U.S. dollar compared to such other currencies. The Funds and Managed Accounts may be affected favorably or unfavorably by exchange control regulations or changes in the exchange rate between foreign currencies and the U.S. dollar, as well as the transaction costs associated with converting foreign currencies into U.S. dollars. Changes in foreign currency exchange rates may also affect the value of dividends and interest earned, and the level of gains and losses realized on the sale of such investments. The rates of exchange between the U.S. dollar and other currencies are affected by many factors, including forces of supply and demand in the foreign currency exchange markets. Exchange rates also are affected by the international balance of payments and other economic and financial conditions, government intervention, speculation and other factors. The general partner of a Fund may, but it is not obligated to, enter currency hedging arrangements in connection with such Fund's non-U.S. investment activities. Even if the Fund does enter such arrangements, there can be no assurance that they would successfully protect the value of the Fund's non-U.S. investments. Even if successful in protecting the Fund against currency valuation changes, currency hedging arrangements undertaken by the Fund could result in the incurrence of significant costs.

#### *Recent Financial Market Fluctuations*

In recent years, U.S. and global financial markets and the broader current financial environment have been, and continue to be, characterized by uncertainty, volatility and instability. These financial market fluctuations have the tendency to reduce the availability of attractive investment opportunities for the Funds and Managed Accounts and may affect the Funds' and Managed

Accounts' ability to make investments and the value of the investments held by the Funds and Managed Accounts. Instability in the securities markets and economic conditions generally may also increase the risks inherent in the Funds' and Managed Accounts' investments. The public securities markets have seen increased volatility and the ability of companies to obtain financing for ongoing operations or expansions may be severely hampered by the tightening of the credit markets and the ongoing financial turmoil. It is unclear what the repercussions of this market turmoil may be. Moreover, it remains unknown whether governmental measures undertaken in response to such turmoil (whether regulatory or financial in nature) will have a positive or negative effect on market conditions. There can be no assurance that the market will, in the future, become more liquid than it is at present and it may well continue to be volatile for the foreseeable future. The ability to realize investments depends not only on portfolio companies and their historical results and prospects, but also on political, market and economic conditions at the time of such realizations. In the past, many private equity funds have looked to the public securities markets as a potential exit strategy and there can be no assurance, particularly given the recent volatility in the financial markets and a potential lack of investor appetite for new issues in the public securities markets, that the Funds and Managed Accounts will be able to exit from their investments in portfolio companies by listing their shares on securities exchanges. The trading market, if any, for the securities of any portfolio company may not be sufficiently liquid to enable a Fund or Managed Account to sell these securities when the Adviser believes it is most advantageous to do so, or without adversely affecting the stock price. Continued or renewed volatility in the financial sector may have an adverse material effect on the ability of the Funds and Managed Accounts to buy, sell and partially dispose of their portfolio company investments. The Funds and Managed Accounts may be adversely affected to the extent that they seek to dispose of any of their portfolio investments into an illiquid or volatile market, and a Fund or Managed Account may find itself unable to dispose of investments at prices that the Adviser believes reflect the fair value of such investments. The duration and ultimate effect of current market conditions and whether such conditions may worsen cannot be predicted and there can be no assurances that conditions in the financial markets will not worsen or adversely affect one or more a Fund's and Managed Accounts' portfolio companies. The ability of portfolio companies to refinance debt securities depends on their ability to sell new securities in the public high yield debt market or otherwise.

### *Valuation of Assets*

There is no actively traded market for most of the securities owned by the Funds and Managed Accounts. When estimating fair value, the Adviser will apply a methodology based on its best judgment that is appropriate considering the nature, facts and circumstance of the investments. Valuations are subject to multiple levels of review for approval and ensuring that portfolio investments are fairly valued is an important focus of the Adviser. However, the process of valuing securities for which reliable market quotations are not available is based on inherent uncertainties and the resulting values may differ from values that would have been determined had an active market existed for such securities and differs from the prices at which such securities may ultimately be sold. Third-party pricing information may at times not be available regarding certain of a Fund's assets. With respect to the Funds and Managed Accounts, the exercise of discretion in valuation by the Adviser gives rise to conflicts of interest, valuations impact the Adviser's track record and the performance allocation in certain Funds and Managed

Accounts is calculated based, in part, on these valuations and such valuations affect the amount and timing of performance fees and calculation of Advisory Fees.

### *Cybersecurity Risk*

The Adviser, the Funds' and Managed Accounts' service providers and other market participants increasingly depend on complex information technology and communications systems to conduct business functions. These systems are subject to a number of different threats or risks that could adversely affect the Funds, Managed Accounts and their investors, despite the efforts of the Adviser and the Funds' and Managed Accounts' service providers to adopt technologies, processes and practices intended to mitigate these risks and protect the security of their computer systems, software, networks and other technology assets, as well as the confidentiality, integrity and availability of information belonging to the Fund and its investors. For example, unauthorized third parties may attempt to improperly access, modify, disrupt the operations of, or prevent access to these systems of the Adviser, the Funds' and Managed Accounts' service providers, counterparties or data within these systems. Third parties may also attempt to fraudulently induce employees, customers, third-party service providers or other users of the Adviser's systems to disclose sensitive information in order to gain access to the Adviser's data or that of the Funds' and Managed Accounts' investors. A successful penetration or circumvention of the security of the Adviser's systems could result in the loss or theft of an investor's data or funds, the inability to access electronic systems, loss or theft of proprietary information or corporate data, physical damage to a computer or network system or costs associated with system repairs. Such incidents could cause the Funds, Managed Accounts, the Adviser or their service providers to incur regulatory penalties, reputational damage, additional compliance costs or financial loss. In addition, the Adviser may incur substantial costs related to forensic analysis of the origin and scope of a cybersecurity breach, increased and upgraded cybersecurity, identity theft, unauthorized use of proprietary information, adverse investor reaction or litigation.

Similar types of operational and technology risks are also present for the companies in which the Funds and Managed Accounts invest, which could have material adverse consequences for such companies, and may cause the Funds' investments to lose value.

### *Government Regulations*

Certain portfolio companies may be in industries subject to extensive government regulation. Certain regulations may prevent Funds or Managed Accounts from making certain investments that they otherwise would make. Other regulations may require Funds or Managed Accounts to incur substantial additional costs or lengthy delays in connection with the completion of an investment, or substantially reduce the value of portfolio companies. In addition, governmental regulation may not be predictable and may be subject to political, economic, social and/or market developments.

### *Need for Follow-On Investments*

Following its initial investment in each portfolio company, a Fund or Managed Account may decide to provide additional funds to such portfolio company or may have the opportunity to increase its investment in a successful portfolio company. There is no assurance that the Fund or

Managed Account will make follow-on investments or that the Fund or Managed Account will have enough funds to make all or any of such investments. Any decision by the Fund or Managed Account not to make follow-on investments or its inability to make such investments may have a substantial negative impact on a portfolio company in need of such an investment or may result in a lost opportunity for the Fund or Managed Account to increase its participation in a successful operation or a dilution of the Fund's or Managed Account's investment.

### *Interest Rate Risk*

Interest rate risk refers to the risks associated with market changes in interest rates. In general, rising interest rates will negatively impact the price of fixed rate debt instruments and falling interest rates will have a positive effect on the price of such debt instruments. The value of most traditional debt securities tends to vary inversely with changes in interest rates. When interest rates rise, the value of debt securities generally will decline; however, when interest rates decline, the value of debt securities with prepayment features may not increase as much as other fixed income securities because prepayment of loans tends to accelerate during periods of declining interest rates. Alternatively, during periods of rising interest rates, the average life of certain types of debt securities may be extended because of slower than expected principal payments. This could in effect result in locking in a below-market interest rate, increasing the security's duration and reducing the value of the security. Extension risk may be heightened during periods of adverse economic conditions generally, as payment rates decline due to higher unemployment levels and other factors.

### *Illiquidity*

Most investments by the Funds or Managed Accounts are expected to be illiquid when acquired and may be subject to certain withdrawal, redemption or transfer restrictions. Some investments will not provide any liquidity rights. Even if a Fund or Managed Account can obtain liquidity rights, economic factors (such as the inability to dispose of investments at the price desired) may limit the Fund's or Managed Account's ability to exercise these rights. Since the amount and timing of the Fund's or Managed Account's cash distributions to investors is dependent upon the cash flow that the Fund or Managed Account receives upon the realization of its investments, and because of the Fund's or Managed Account's ability to reinvest and/or recall distributions and proceeds, the Fund or Managed Account will likely distribute a limited amount of cash in the near term. The Fund's or Managed Account's investments, even if they prove successful, are unlikely to produce significant cash flow for investors for a period of years. There can be no assurance that the Fund or Managed Account will be able to liquidate a particular investment or distribute securities at the time or upon the terms it desires. In addition, the magnitude and timing of distributions will be dependent on the success and needs of portfolio companies, a General Partner's ability to structure investments to provide current income and the prospect for timely and orderly realization on investments.

### *Tax Reform Risks*

President Trump signed into law a broad-based reform of the Internal Revenue Code of 1986, as amended (the "Code") on December 22, 2017 (the "Tax Act"). There are significant



uncertainties regarding the interpretation and application of the Tax Act. While additional guidance on the Tax Act is expected, the timing, scope and content of such guidance are not known. Changes to the Code made by the Tax Act and any further changes in tax laws or interpretation of such laws may be adverse to the Funds and their limited partners. In addition, although not free from doubt, the Tax Act subjects allocations of income and gain in respect of entitlements to carried interest and gain on the sales of profits interests in certain partnerships realized in taxable years beginning after December 31, 2017 to higher rates of U.S. federal income tax than under prior law in certain circumstances. Significant uncertainties remain regarding the application of the provisions of the Tax Act that affect the taxation of carried interest. Enactment of this legislation could cause the Adviser's investment professionals to incur a material increase in their tax liability with respect to their entitlement to carried interest. This might make it more difficult for the Adviser to incentivize, attract and retain these professionals, which may have an adverse effect on the Adviser's ability to achieve the investment objectives of the Funds. In addition, this can create a conflict of interest as the tax position of the Adviser may differ from the tax positions of the Funds, Managed Accounts, and/or the investors and therefore, these rules may have an additional impact on the investment decisions made by the Funds and Managed Accounts, including with respect to decisions on the timing and structure of dispositions and whether to pursue other realization events during the holding period of an investment such as non-liquidating distributions. For example, the tax law gives the Adviser an incentive to cause a Fund or Managed Account to hold an investment for longer than 3 years in order to obtain lower tax rates on carried interest gains even if there are attractive realization opportunities earlier than 3 years.

## **Item 9. Disciplinary Information**

Item 9 is not applicable to the Adviser.

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

### Related General Partners

Various limited liability companies (the "General Partners") serve as general partners of the Funds and are controlled by affiliates of the Adviser. For a description of material conflicts of interest created by the relationship among the Adviser and the General Partners, as well as a description of how such conflicts are addressed, please see Item 11 below.

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

### Code of Ethics

The Adviser has adopted a written Code of Ethics that is applicable to all its members, officers and employees, as well as officers and employees of its affiliates (collectively, "Adviser Personnel"). The Code of Ethics, which is designed to comply with Rule 204A-1 under the Investment Advisers Act of 1940 (as amended, the "Advisers Act"), establishes guidelines for professional conduct and personal trading procedures, including certain pre-clearance and reporting obligations. Adviser Personnel and their families and households have and in the

future may purchase investments for their own accounts, including the same investments as have and in the future may be purchased or sold for a Fund or Managed Account, subject to the terms of the Code of Ethics. Under the Code of Ethics, Adviser Personnel are also required to file certain periodic reports with the Adviser's Chief Compliance Officer as required by Rule 204A-1 under the Advisers Act. The Code of Ethics helps the Adviser detect and prevent potential conflicts of interest.

Adviser Personnel who violate the Code of Ethics may be subject to remedial actions, including, but not limited to, profit disgorgement, fines, censure, demotion, suspension or dismissal. Adviser Personnel are also required to promptly report any violation of the Code of Ethics of which they become aware. Adviser Personnel are required to annually certify compliance with the Code of Ethics.

A copy of the Code of Ethics is available to any client or prospective client upon written request to: Attn: Chief Compliance Officer, Cyprium Investment Partners LLC, 200 Public Square, Suite 2020, Cleveland, OH 44114.

#### Participation or Interest in Client Transactions

Certain employees and affiliates of the Adviser have and, in the future, may invest in and alongside the Funds, either through the General Partners, as direct investors in the Funds or otherwise. A Fund or its General Partner, as applicable, has and in the future may reduce all or a portion of the Advisory Fee and Carried Interest related to investments held by such persons. For further details regarding these arrangements, as well as conflicts of interest presented by them, please see "Conflicts of Interest" immediately below.

Due in part to the fact that potential investors in a Fund (including potential purchasers of a limited partner's interests in a secondary transaction) have and may in the future ask different questions and request different information, the Adviser has and may in the future provide certain information to one or more prospective investors that it does not provide to all of the prospective investors or limited partners.

#### Conflicts of Interest

The Adviser and its related entities engage in a broad range of activities, including investment activities for their own account and for the account of other investment funds and institutional investors, and providing transaction-related, investment advisory, management and other services to funds, institutional investors and operating companies. In the ordinary course of conducting its activities, the interests of a Fund have and, in the future, may conflict with the interests of the Adviser, other Funds or their respective affiliates. Certain of these conflicts of interest, as well a description of how the Adviser addresses such conflicts of interest, can be found below.

#### *Resolution of Conflict*

In the case of all conflicts of interest, the Adviser's determination as to which factors are relevant, and the resolution of such conflicts, will be made using the Adviser's best judgment, but in its sole discretion. In resolving conflicts, the Adviser has and, in the future, may consider various factors, including the interests of the applicable Funds and Managed Accounts with respect to the immediate issue and/or with respect to their longer-term courses of dealing. Certain procedures for resolving specific conflicts of interest are set forth below. When conflicts arise, the following factors have and, in the future, may mitigate, but will not eliminate, conflicts of interest:

1. A Fund or Managed Account will not make an investment unless the Adviser believes that such investment is an appropriate investment considered solely from the viewpoint of such Fund or Managed Account.
2. Many important conflicts of interest will generally be resolved by set procedures, restrictions or other provisions contained in the relevant offering and/or organizational documents for the Funds or Advisory Agreement of the Managed Account.
3. Generally, each Main Fund has established an advisory committee, consisting of representatives of investors not affiliated with the Adviser. The advisory committees meet as required to consult with the Adviser as to certain potential conflicts of interest. On any issue involving actual conflicts of interest, the Adviser will be guided by its good faith discretion.
4. The Adviser has adopted and implemented certain policies and procedures designed to reduce certain conflicts of interest.
5. Where the Adviser deems appropriate, unaffiliated third parties may be used to help resolve conflicts, such as the use of an investment banker to opine as to the fairness of a purchase or sale price.
6. Prior to subscribing for interests in a Fund, each investor receives information relating to significant potential conflicts of interest arising from the proposed activities of the Fund.

### *Conflicts*

The material conflicts of interest encountered by a Fund or Managed Account include those discussed below, although the discussion below does not necessarily describe all the conflicts that may be faced by a Fund or Managed Account. Other conflicts may be disclosed throughout this brochure and the brochure should be read in its entirety for other conflicts.

### *Allocation of Investment Opportunities Among Clients and Allocation of Co-Investment Opportunities*

In connection with its investment activities, the Adviser has and may in the future encounter situations in which it must determine how to allocate investment opportunities among various

clients and other persons, which have and in the future may include, but are not limited to, the following:

- The Funds, which have and may in the future include Funds organized as parallel investment entities that have been formed to invest side-by-side with one or more of the Funds (either in all transactions entered into by such Fund(s) or in a limited subset of such investments);
- Any Alternative Investment Vehicles that have been formed to address, for example, specific tax, legal, business, accounting or regulatory-related matters that have and may in the future arise in connection with a transaction or transactions;
- Managed Accounts;
- Third Parties that wish to make direct investments (i.e., not through an investment vehicle) side-by-side with one or more Funds in transactions entered into by such Fund(s); and
- Third Parties acting as “co-sponsors” with the Adviser with respect to a particular transaction.

In recognition of its fiduciary duties, it is the policy of the Adviser to treat the Funds and Managed Accounts fairly and equitably in the allocation of investment opportunities and transactions more generally. The Adviser has adopted written policies and procedures relating to the allocation of investment opportunities and will make allocation determinations consistently therewith.

The Funds and Managed Accounts are generally subject to investment allocation requirements (collectively, “Investment Allocation Requirements”). Investment Allocation Requirements have and may in the future be set forth in the instrument under which the Fund or Managed Account was established (such as a Fund’s limited partnership agreement or private placement memorandum), or in side letters. To the extent the Investment Allocation Requirements of a Fund or Managed Account do not include specific allocation procedures and/or allow the Adviser discretion in making allocation decisions among the Funds and Managed Accounts, the Adviser will follow the process set forth below.

The Adviser must first determine which Funds and Managed Accounts are eligible to participate in an investment opportunity. The Adviser assesses whether an investment opportunity is appropriate for a Fund(s) or Managed Account(s), based on the Fund’s or Managed Account’s investment objectives, strategies and structure. A Fund’s investment objectives, strategies and structure typically are reflected in the Fund’s offering memoranda and organizational documents. A Managed Account’s investment objectives and strategies are typically reflected in the Managed Account’s Advisory Agreement. Prior to making any allocation to a Fund or Managed Account of an investment opportunity, the Adviser determines what additional factors may restrict or limit the offering of an investment opportunity to the Fund(s) or Managed Account(s). Possible restrictions include, but are not limited to:

- **Obligation to Offer:** The Adviser has and may in the future be required to offer an investment opportunity to one or more Funds. This obligation to offer investment

opportunities has and may in the future be set forth in a Fund's offering documents and/or operating agreement.

- **Related Investments:** The Adviser has and may in the future offer an investment opportunity related to an investment previously made by a Fund(s) or Managed Account(s) to such Fund(s) or the Managed Account(s) to the exclusion of, or resulting in a limited offering to, other Funds or Managed Accounts.
- **Legal and Regulatory Exclusions:** the Adviser has and may in the future determine that certain Funds, investors in such Funds, or Managed Accounts should be excluded from an allocation due to specific legal, regulatory and contractual restrictions placed on the participation of such persons in certain types of investment opportunities.

Once the Funds and Managed Accounts that may participate in a particular investment have been identified, the Adviser, in its discretion, decides how to allocate such investment opportunity among the identified Funds and Managed Accounts. In allocating such investment opportunity, the Adviser has and, in the future, may consider some or all of a wide range of factors, which have and, in the future, may include, but are not necessarily limited to, the following:

- Each Fund's and Managed Account's investment objectives and investment focus;
- Transaction sourcing;
- Each Fund's liquidity and reserves;
- Each Fund's or Managed Account's diversification (including the actual, relative or potential exposure of a Fund to the type of investment opportunity or other prospective investment opportunities in terms of its existing portfolio);
- Lender covenants and other limitations;
- Amount of capital available for investment by each Fund and Managed Account as well as each Fund's projected future capacity for investment;
- Each Fund's and Managed Account's targeted rate of return;
- Stage of development of the prospective portfolio company or other investment;
- Composition of each Fund's or Managed Account's portfolio;
- The suitability as a follow-on investment for a current portfolio company of a Fund or Managed Account;
- The availability of other suitable investments for each Fund or Managed Account;
- Risk considerations;
- Cash flow considerations;
- Asset class restrictions;
- The seniority of an investment and other capital structuring criteria;
- Industry and other allocation targets;
- Minimum and maximum investment size requirements;

- Tax implications;
- Whether an investment opportunity requires additional consents or authorizations from the Fund, Managed Account, investors or third parties;
- Legal, contractual or regulatory constraints; and
- Any other relevant limitations imposed by or conditions set forth in the applicable offering and organizational documents of each Fund or Advisory Agreement of each Managed Account.

The Adviser will seek to make all allocations of investment opportunities among the Funds and Managed Accounts in a fair and equitable manner, and will not favor or disfavor, consistently or consciously, any Fund, class of Funds or Managed Account in relation to any other Funds or Managed Accounts. Further, the Adviser will not allocate investment opportunities based, in whole or in part, on (i) the relative fee structure or amount of fees paid by any Fund or Managed Account, (ii) the profitability of any Fund or Managed Account or (iii) any person's interest in offering or participating in co-investment opportunities outside of any Fund. The application of the Investment Allocation Requirements and factors set forth above will often result in allocation on a non-pro rata basis and there can be no assurance that a Fund or Managed Account will participate in all investment opportunities that fall within its investment objectives. The Adviser will determine if the amount of an investment opportunity exceeds the amount the Adviser determines would be appropriate for the Funds or Managed Accounts (after taking into account any portion of the opportunity allocated by contract to certain participants in the applicable deal, such as co-sponsors, consultants and advisers to the Adviser and/or the Funds or management teams of the applicable portfolio company, certain strategic investors and other investors whose allocation is determined by the Adviser to be in the best interest of the applicable Fund), and any such excess may be offered to one or more co-investors pursuant to the procedures included in such the organizational documents of such Fund and as set forth in the following paragraphs.

Subject to any Investment Allocation Requirements, in general, (i) no investor in a Fund has a right to participate in any co-investment opportunity and investing in a Fund does not give an investor any rights, entitlements or priority to co-investment opportunities, (ii) decisions regarding whether and to whom to offer co-investment opportunities, as well as the applicable terms on which a co-investment is made, are made in the sole discretion of the Adviser or its related persons or other participants in the applicable transactions, such as co-sponsors, (iii) co-investment opportunities typically will, be offered to some and not other investors in the Funds, in the sole discretion of the Adviser or its related persons, and investors may be offered a smaller amount of co-investment opportunities than originally requested, and (iv) certain persons other than investors in the Funds (e.g., third parties) may be offered co-investment opportunities, in the sole discretion of the Adviser or its related persons and (v) co-investors may purchase their interests in a portfolio company at the same time as the Funds or will, on occasion, purchase their interests from the applicable Funds after such Funds have consummated their investment in the portfolio company (also known as a post-closing sell down or transfer). Additionally, non-binding acknowledgements of interest in co-investment opportunities are not Investment Allocation Requirements and do not require the Adviser to notify the recipients of such acknowledgements if there is a co-investment opportunity.

In exercising its discretion to allocate co-investment opportunities with respect to a particular investment among the Funds and other potential co-investors, the Adviser may consider some or all of a wide range of factors, which include, but are not limited to, one or more of the following:

- The Adviser's evaluation of the size and financial resources of the potential co-investment party and the Adviser's perception of the ability of that potential co-investment party (in terms of, for example, staffing, expertise and other resources) to efficiently and expeditiously participate in the investment opportunity with the relevant Fund(s) without harming or otherwise prejudicing such Fund(s), in particular when the investment opportunity is time-sensitive in nature, as is typically the case (including whether the potential co-investment party has a complicated tax structure that would require particular structuring implementation or covenants that would not otherwise be required);
- Any confidentiality concerns the Adviser has that may arise in connection with providing the other account or person with specific information relating to the investment opportunity in order to permit such potential co-investment party to evaluate the investment opportunity;
- The Adviser's perception of its past experiences and relationships with the potential co-investment party, such as the willingness or ability of the potential co-investment party to respond promptly and/or affirmatively to potential investment opportunities previously offered by the Adviser and the expected amount of negotiations required in connection with a potential co-investment party's commitment;
- The character and nature of the co-investment opportunity (including the potential co-investment amount, structure, geographic location, tax characteristics and relevant industry);
- Level of demand for participation in such co-investment opportunity;
- The ability of a potential co-investment party to aid in operating or monitoring a portfolio company or the possession of certain expertise by a potential co-investment party and the potential co-investment party's chemistry with the management team of the potential portfolio company and whether the potential co-investment party has any existing positions in the portfolio company;
- Any interests a potential co-investment party has in any competitors of the portfolio company;
- The Adviser's perception of whether the investment opportunity may subject the potential co-investment party to legal, regulatory, competitive, confidentiality, reporting, public relations, media or other burdens that make it less likely that the other account or person would act upon the investment opportunity if offered;
- The Adviser's evaluation of whether the profile or characteristics of the potential co-investment party may have an impact on the viability or terms of the proposed investment opportunity and the ability of the Funds to take advantage of such opportunity (for example, if the potential co-investment party is involved in the same industry as a target company in which a Fund wishes to invest, or if the identity of the potential co-

investment party, or the jurisdiction in which the potential co-investment party is based, may affect the likelihood of a Fund being able to capitalize on a potential investment opportunity); and

- Whether the Adviser believes, in its sole discretion, that allocating investment opportunities to a potential co-investment party will help establish, recognize, strengthen and/or cultivate relationships that may provide indirectly longer-term benefits (including strategic, sourcing or similar benefits) to current or future Funds and/or the Adviser and whether the potential co-investment party has demonstrated a long-term and/or continuing commitment to the potential success of the current or future Funds and/or the Adviser.

The factors above are not listed in order of importance or priority and the Adviser is not required to, and does not, consider all of the factors described above in any particular investment and some factors may be more or less important depending upon the nature of the particular investment and attendant circumstances. The Adviser's exercise of its discretion in allocating investment opportunities among the persons, including the Funds, Managed Account and third parties, and in the manner discussed above 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 other such persons. While the Adviser will determine how to allocate investment opportunities using its best judgment, considering such factors as it deems relevant, but in its sole discretion, there can be no assurance that a Fund's or Managed Account's actual allocation of an investment opportunity, if any, or the terms on which that allocation is made will be as favorable as they would be if the conflicts of interest to which the Adviser may be subject, discussed herein, did not exist.

In the event the Adviser determines to offer an investment opportunity co-investors, there can be no assurance that the Adviser will be successful in offering a co-investment opportunity to a potential co-investor, in whole or in part, that the closing of such co-investment will be consummated in a timely manner, that the co-investment will take place on the terms and conditions that will be preferable for the Fund or that expenses incurred by the Fund with respect to the syndication of the co-investment will not be substantial. Further, it is possible that a potential co-investment party may experience financial, legal or regulatory difficulties and may, from time to time, have economic, tax, regulatory, contractual or other business interests or goals that are inconsistent with those of a Fund and as a result, may take a different view from the Adviser as to appropriate strategy for an investment or may be in a position to take a contrary action to a Fund's investment objective. In the event that the Adviser is not successful in offering a co-investment opportunity to potential co-investors, in whole or in part, the Fund may consequently hold a greater concentration and have exposure in the related investment opportunity than was initially intended, which could make the Fund more susceptible to fluctuations in value resulting from adverse economic and/or business conditions with respect thereto.

In addition, to the extent the Adviser has discretion over a secondary transfer of interests in a Fund pursuant to such Fund's organizational documents, or is asked to identify potential purchasers in a secondary transfer, the Adviser will do so in its sole discretion, generally taking into account the following factors:



- The Adviser's evaluation of the financial resources of the potential purchaser, including its ability to meet capital contribution obligations;
- The Adviser's perception of its past experiences and relationships with the potential purchaser, including its belief that the potential purchaser would help establish, recognize, strengthen and/or cultivate relationships that may provide indirectly longer-term benefits to current or future Funds and/or the Adviser and the expected amount of negotiations required in connection with a potential purchaser's investment;
- Whether the potential purchaser would subject the Adviser, the applicable Fund, or their affiliates to legal, regulatory, reporting, public relations, media or other burdens;
- A potential purchaser's investment into another Fund (including any commitment into a future fund);
- Requirements in such Fund's organizational documents; and
- Such other facts as it deems appropriate under the circumstances in exercising such discretion.

In exercising its discretion to allocate investment opportunities and fees and expenses, the Adviser may be faced with a variety of potential conflicts of interest. For example, in allocating an investment opportunity among Funds with differing fee, expense and compensation structures, the Adviser may have an incentive to allocate investment opportunities to the Funds from which the Adviser or its related persons may derive, directly or indirectly, a higher fee, compensation or other benefit.

In addition, principal executive officers and other personnel of the Adviser invest indirectly in and have and in the future may be permitted to invest directly in Funds and have and in the future may therefore participate indirectly in investments made by the Funds in which they invest. Such interests will vary Fund by Fund. The existence of these varying circumstances may present conflicts of interest in determining how much, if any, of certain investment opportunities to offer to a Fund.

#### *Conflicts Related to Purchases and Sales*

Conflicts may arise when a Fund or Managed Account makes investments in conjunction with an investment being made by other Funds or Managed Accounts, or in a transaction where another Fund or Managed Account has already made an investment. Investment opportunities may be appropriate for Funds or Managed Accounts at the same, different or overlapping levels of a portfolio company's capital structure. Conflicts may arise in determining the terms of investments, particularly where these clients may invest in different types of securities in a single portfolio company. Questions may arise as to whether payment obligations and covenants should be enforced, modified or waived, or whether debt should be refinanced. Decisions about what action should be taken in a troubled situation, including whether or not to enforce claims, whether or not to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any work-out or restructuring may raise conflicts of interest, particularly in Funds or Managed Accounts that have invested in the same portfolio company.

Certain clients of the Adviser and its affiliates may invest in bank debt and securities of companies in which other clients hold securities, including equity securities. In the event that such investments are made by a Fund or a Managed Account, the interests of such Fund or Managed Account may be in conflict with the interest of such other Fund or Managed Account, particularly in circumstances where the underlying company is facing financial distress. The involvement of such persons at both the equity and debt levels could inhibit strategic information exchanges among fellow creditors. In certain circumstances, Funds or Managed Accounts may be prohibited from exercising voting or other rights and have and in the future may be subject to claims by other creditors with respect to the subordination of their interest. If additional capital is necessary as a result of financial or other difficulties, or to finance growth or other opportunities, the Funds or Managed Accounts may or may not provide such additional capital, and if provided each Fund or Managed Account will supply such additional capital in such amounts, if any, as determined by the Adviser. In addition, a conflict arises in allocating an investment opportunity if the potential investment target could be acquired by either a Fund or a portfolio company of another Fund or a Managed Account. Investments by more than one client of the Adviser in a portfolio company raises the risk of using assets of a client of the Adviser to support positions taken by other clients of the Adviser or that a client may remain passive in a situation in which it is entitled to vote. In addition, there may be differences in timing of entry into, or exit from, a portfolio company for reasons such as differences in strategy, existing portfolio or liquidity needs. These variations in timing may be detrimental to a Fund or Managed Account.

The application of a Fund's organizational documents and the Adviser's policies and procedures are expected to vary based on the particular facts and circumstances surrounding each investment by two or more Funds or Managed Accounts in different classes of an issuer's capital structure (as well as across multiple issuers or borrowers within the same overall capital structure) and, as such, there may be a degree of variation and potential inconsistencies, in the manner in which potential or actual conflicts are addressed.

Employees and related persons of the Adviser and its affiliates have made or may make capital investments in or alongside certain Funds or Managed Accounts, and therefore have additional conflicting interests in connection with these investments. There can be no assurance that the return of a Fund or a Managed Account participating in a transaction would be equal to and not less than another Fund or a Managed Account participating in the same transaction or that it would have been as favorable as it would have been had such conflict not existed.

A Fund or Managed Account may invest in opportunities that other Funds or Managed Accounts have declined, and likewise, a Fund or Managed Account may decline to invest in opportunities in which other Funds or Managed Accounts have invested.

From time to time the Adviser may, in its discretion, enter transactions with investors in one or more Funds or Managed Accounts to dispose of all or a portion of certain investments held by one or more Funds or Managed Accounts. In exercising its discretion to select the purchaser(s) of such investments, the Adviser will consider some or all the factors listed above under "Allocation of Investment Opportunities Among Clients and Allocation of Co-Investment Opportunities". The sales price for such transactions will be mutually agreed to by the Adviser and such purchaser(s); however, determinations of sales prices involve a significant degree of judgment by the Adviser. Although the Adviser is not obligated to solicit competitive bids for

such sales transaction or to seek the highest available price, it will first determine that such transaction is in the best interests of the applicable Fund(s) or Managed Account(s), taking into account the sales price and the other terms and conditions of the transaction. There can be no assurance, considering the performance of the investment following such a transaction, that such transaction will ultimately prove to be the most profitable or advantageous course of action for the applicable Fund(s) or Managed Account(s). Any such transactions will comply with the organizational documents of the applicable Fund(s) or Managed Account(s).

A Fund or Managed Account has in the past and may, from time to time in the future sell down an interest in its portfolio companies to co-investors. Subject to the organizational documents of a Fund or the Managed Account agreement, as applicable, the Adviser may charge (or may decide not to charge) a co-investor (such as a Fund or Managed Account investor, an Adviser investor or third party) interest costs for the time period between the closing of the applicable Fund's or Managed Account's investment in a portfolio company to the date of the transfer of interests in such portfolio company to the applicable co-investor.

The Funds and Managed Accounts, from time to time, co-invest with third parties through partnerships, joint ventures or other similar entities or arrangements. These investments may involve risks that would not otherwise be present in investments where a third party is not involved. Such risks include, among other things, the possibility that the third party may have differing economic or business goals than those of the Fund or Managed Account, or that the third party may be in a position to take actions that are inconsistent with the investment objectives of the Funds or Managed Accounts. There may also be instances where the Funds or Managed Accounts will be liable for the actions of such third-party co-investors. There can be no assurance that the return of a Fund participating in a transaction with a Third-Party would be equal to and not less than another Fund or Managed Account participating in the same transaction or that it would have been as favorable as it would have been had such conflict not existed.

### *Cross-Transactions*

In certain cases, the Adviser has and in the future may cause a Fund or a Managed Account to purchase investments from another Fund or Managed Account, or it has and in the future may cause a Fund or a Managed Account to sell investments to another Fund or Managed Account. Such transactions create conflicts of interest because, by not exposing such buy and sell transactions to market forces, a Fund or a Managed Account may not receive the best price otherwise possible, or the Adviser might have an incentive to improve the performance of one Fund or Managed Account by selling underperforming assets to another Fund or Managed Account in order, for example, to earn fees. Additionally, in connection with such transactions, the Adviser, its affiliates and/or their professionals (i) may have significant investments, or intentions to invest, in the Fund or Managed Account that is selling and/or purchasing such an investment or (ii) otherwise have a direct or indirect interest in the investment (such as through certain other participations in the investment). The Adviser and its affiliates have and in the future may receive management or other fees in connection with their management of the relevant Funds or Managed Accounts involved in such a transaction, and has and in the future may also be entitled to share in the investment profits of the relevant Funds or Managed Accounts. To address these conflicts of interest, in connection with effecting such transactions,

the Adviser will follow the Investment Allocation Requirements of the relevant Funds or Managed Accounts (e.g., the organizational documents of certain Funds and their associated parallel fund(s) or the Advisory Agreements of Managed Accounts) which have and may in the future may provide for the rebalancing of investments at certain times and at a cost set forth in those documents so that these Funds' or Managed Accounts' resulting ownership of investments is generally proportionate to the relative capital commitments of the Fund and such parallel fund(s) and Managed Accounts. To the extent such matters are not addressed in the Investment Allocation Requirements, the Adviser's Chief Compliance Officer, in consultation with the Adviser's Chairman, will be responsible for confirming that the Adviser (i) considers its respective duties to each Fund and Managed Account, (ii) determines whether the purchase or sale and price or other terms are comparable to what could be obtained through an arm's length transaction with a third party, and (iii) obtains the required approvals of the transaction's terms and conditions.

### *Principal Transactions*

Section 206 under the Advisers Act regulates principal transactions among an investment adviser and its affiliates, on the one hand, and the clients thereof, on the other hand. Very generally, if an investment adviser or an affiliate thereof proposes to purchase a security from, or sell a security to, a client (what is commonly referred to as a "principal transaction"), the adviser must make certain disclosures to the client of the terms of the proposed transaction and obtain the client's consent to the transaction. In connection with the Adviser's management of the Funds, the Adviser and its affiliates may engage in principal transactions. The Adviser has established certain policies and procedures to comply with the requirements of the Advisers Act as they relate to principal transactions, including that disclosures required by Section 206 of the Advisers Act be made to the applicable Fund(s) or Managed Account(s) regarding any proposed principal transactions and that any required prior consent to the transaction be received. In addition, the offering documents, limited partnership agreements or other organizational documents and related documents relating to the Funds generally contain additional restrictions on the ability of the Funds or the Adviser to engage in principal transactions.

### *Management of the Funds*

The Adviser manages a number of Funds and Managed Accounts that have and, in the future, may have investment objectives similar to each other. The Adviser may in the future establish one or more additional investment funds with investment objectives substantially like, or different from, those of the current Funds. Allocation of available investment opportunities between the Funds and any such investment fund could give rise to conflicts of interest. See "*Allocation of Investment Opportunities Among Clients and Allocation of Co-Investment Opportunities*" above. The Adviser may give advice or take actions with respect to, the investments of one or more Fund or Managed Account that may not be given or taken with respect to other Funds or Managed Accounts with similar investment programs, objectives or strategies. As a result, Funds or Managed Accounts with similar strategies may not hold the same securities or achieve the same performance. In addition, a Fund or Managed Account may not be able to invest through the same investment vehicles or have access to similar credit or utilize similar investment strategies as another Fund or Managed Account. These differences

may result in variations with respect to price, leverage and associated costs of a particular investment opportunity.

In addition, it is expected that employees of the Adviser responsible for managing a particular Fund or Managed Account will have responsibilities with respect to other Funds and Managed Accounts managed by the Adviser, including Funds that may be raised or Managed Accounts obtained in the future. Conflicts of interest may arise in allocating time, services or functions of these officers and employees.

The Adviser from time to time considers and rejects an investment opportunity on behalf of one Fund or Managed Account and, the Adviser or an affiliate of the Adviser may subsequently determine to have another Fund or Managed Account make an investment in the same company. A conflict of interest arises because one Fund will, in such circumstances, benefit from the initial evaluation, investigation and due diligence undertaken by the Adviser on behalf of the original Fund or Managed Account considering the investment. In such circumstances, the benefitting Fund(s) or Managed Account(s) will not be required to reimburse the original Fund or Managed Account for expenses incurred in connection with researching such investment.

In addition, the Adviser receives and generates various kinds of portfolio company data and other information, including related to financial, industry, market, business operations, trends, budgets, customers, suppliers, competitors and other metrics. This information may, in certain instances, include material non-public information received or generated in connection with efforts on behalf of one Fund's or Managed Account's investment (or prospective investment) in a portfolio company. As a result, the Adviser is better able to anticipate macroeconomic and other trends, and otherwise develop investment strategies. The Adviser has in the past and is likely in the future to enter information sharing and confidentiality arrangements with portfolio companies and other sources of information that may limit the internal distribution and use of such data. The Adviser is likely in the future in certain instances to use this information in a manner that may provide a material benefit to the Adviser, its affiliates, or to certain other Funds or Managed Accounts without compensating or otherwise benefitting the Fund(s) or Managed Account(s) from which such information was obtained. In addition, the Adviser may have an incentive to pursue investments in portfolio companies based on the data and information expected to be received or generated. The Adviser is likely in the future to utilize such information to benefit the Adviser, its Affiliates or certain Funds in a manner that may otherwise present a conflict of interest but does not intend to specifically disclose such conflicts to the relevant Funds or Managed Accounts.

The Funds will, from time to time enter borrowing arrangements that require the Funds to be jointly and severally liable for the obligations. If one Fund defaults on such arrangement, the other Funds may be held responsible for the defaulted amount. The Funds will only enter into such joint and several borrowing arrangements when the Adviser determines it is in the best interests of the Funds.

#### *Follow-on Investments*

Investments to finance follow-on acquisitions have and in the future may present conflicts of interest, including determination of the equity component and other terms of the new financing as well as the allocation of the investment opportunities in the case of follow-on acquisitions by one Fund or Managed Account in a portfolio company in which another Fund or Managed Account has previously invested. In addition, a Fund or Managed Account have and, in the future, may participate in re-leveraging and recapitalization transactions involving portfolio companies in which another Fund or Managed Account has already invested or will invest. Conflicts of interest have and in the future may arise, including determinations of whether existing investors are being cashed out at a price that is higher or lower than market value and whether new investors are paying too high or too low a price for the company or purchasing securities with terms that are more or less favorable than the prevailing market terms.

#### *Conflicts Relating to the General Partner and the Adviser*

The Adviser generally has and in the future may, in its discretion, contract with any related person of the Adviser (including but not limited to a portfolio company of a Fund) to perform services for the Adviser in connection with its provision of services to the Funds. When engaging a related person to provide such services, the Adviser has and in the future may have an incentive to recommend the related person even if another person may be more qualified to provide the applicable services and/or can provide such services at a lesser cost.

The Adviser generally has and in the future may, in its discretion, recommend to a Fund or to a portfolio company thereof (in response to a solicitation for a recommendation or otherwise) that it contract for services with (i) the Adviser or a related person of the Adviser (including but not limited to a portfolio company of a Fund) or (ii) an entity with which the Adviser or its affiliates or a member of their personnel has a relationship or from which the Adviser or its affiliates or their personnel otherwise derives financial or other benefit. When making such a recommendation, the Adviser may, because of its financial or other business interest, have an incentive to recommend the related or other person even if another person is more qualified to provide the applicable services and/or can provide such services at a lesser cost.

The Adviser, its affiliates, and members, officers, principals and employees of the Adviser and its affiliates may buy or sell securities or other instruments that the Adviser has recommended to Funds and Managed Accounts. In addition, officers, principals and employees may buy securities in transactions offered to but rejected by Funds and Managed Accounts. Such transactions are subject to the policies and procedures set forth in the Adviser's Code of Ethics. The investment policies, fee arrangements and other circumstances of these investments may vary from those of the Funds. If officers, principals and employees of the Adviser have made large capital investments in or alongside the Funds and Managed Accounts they may have conflicting interests with respect to these investments.

Because certain expenses are paid for by a Fund, Managed Account and/or its portfolio companies or, if incurred by the Adviser, are reimbursed by a Fund, a Managed Account and/or its portfolio companies, the Adviser may not necessarily seek out the lowest cost options when incurring (or causing a Fund, its portfolio companies or Managed Account to incur) such expenses.

### *Fee Structure*

Because there is a fixed investment period after which capital from investors in the Funds have and in the future may only be drawn down in limited circumstances and because Advisory Fees are, at certain times during the life of the Funds and Managed Account, based upon capital invested by the Funds and Managed Accounts, this fee structure may create an incentive to deploy capital when the Adviser may not otherwise have done so.

Additionally, as discussed above in Item 6, the General Partners of the Funds are entitled to Carried Interest under the terms of the limited partnership agreements of such Funds. Such general partners are affiliates of the Adviser. The existence of the General Partners' Carried Interest may create an incentive for the General Partners to cause such Funds to make more speculative investments than they would otherwise make in the absence of performance-based compensation. However, the investment made by the Adviser or its affiliates in a Fund, the claw back obligation of the General Partner (as described below) and the fact that the preferred return is calculated on an aggregate basis reduces the incentive to make speculative investments or otherwise time the sale of an investment in a manner motivated by the personal benefit of the Adviser's personnel.

Pursuant to the organizational documents, the General Partner may elect to receive its Carried Interest in the form of an in-kind distribution of securities of a portfolio company, including for purposes of permitting one or more General Partner personnel to donate such securities to charity (which may include private foundations, fund or other charities so chosen by such personnel). Any tax efficiencies to such General Partner personnel associated with this form of charitable giving may have the effect of reinforcing or enhancing the General Partner's incentives otherwise resulting from the existence of its Carried Interest and therefore, the General Partner may have a conflict of interest in making decisions on behalf of the Funds (including, for instance, the timing of disposition of investments).

### *Related Services*

As described in Item 5 above, the Adviser and its affiliates have and, in the future, may receive Other Fees from, actual or prospective portfolio companies or other investment vehicles of the Funds and Managed Accounts. Such fees will be in addition to any Advisory Fees or Carried Interest paid by the Funds and Managed Accounts to the Adviser. Additionally, a portfolio company has and in the future may reimburse the Adviser for expenses (including without limitation travel expenses, which have and in the future may include expenses for charter service or first class travel) incurred by the Adviser in connection with its performance of services for such portfolio company, and such reimbursements are not subject to the sharing arrangements described above. This creates a conflict of interest between the Adviser and its affiliates and the Funds, their investors and the Managed Accounts because the amounts of these fees and reimbursements may be substantial and the Funds, their investors and the Managed Accounts generally do not have an interest in these fees and reimbursements. The Adviser determines the amount of these fees for Related Services and reimbursements in its own discretion, subject to agreements with sellers, buyers, and management teams, the board of directors of or lenders to portfolio companies, and/or third party co-investors in its transactions, and the amount of such

fees and reimbursements may not (except in connection with the reductions described below) be disclosed to investors in the Funds. The Adviser and its affiliates will in some circumstances reduce the amount of Advisory Fees paid by the applicable Fund or Managed Account in connection with the receipt of the applicable Fund's or Managed Account's share of such fees. The amount and nature of this reduction varies from Fund to Fund and is set forth in the Advisory Agreement and/or organizational documents of the applicable Fund.

### *Fund Level Borrowing*

The Funds from time-to-time borrow funds or enter into other financing arrangements for various reasons, including to pay fund expenses, to pay management fees, to make or facilitate new or follow-on investments (including borrowings pending receipt of capital contributions from investors), to make payments under hedging transactions, to cover any shortfall resulting from an investor's default or exclusion. If a Fund borrows in lieu of calling capital to fund the acquisition of an investment, the borrowing would be used for all limited partners in such Fund on a pro-rata basis, including the general partner. In addition, credit facilities for certain Funds are available to provide borrowed funds directly to the portfolio companies of such Funds, in which case such borrowed funds would be guaranteed by such Funds.

To the extent the Fund uses borrowed funds in advance or in lieu of capital contributions, the Fund's investors generally make correspondingly later capital contributions, but the Fund will bear the expense of interest on such borrowed funds. As a result, the Fund's use of borrowed funds will impact the calculation of net performance metrics (to the extent that they measure investor cash flows) and may make net IRR calculations higher than it otherwise would be without fund-level borrowing as these calculations generally depend on the amount and timing of capital contributions. While the Fund will bear the expense of borrowed funds, such borrowings can also increase the carried interest received by the Fund's General Partner by decreasing the amount of distributions from the Fund that are required to be made to Fund investors in satisfaction of any preferred return. The General Partner therefore has a conflict of interest in deciding whether to borrow funds because the General Partner may receive disproportionate benefits from such borrowings.

Borrowing by the Fund will generally be secured by capital commitments made by the Limited Partners to the Fund and/or by the Fund's assets, and documentation relating to such borrowing may provide that during the continuance of a default under such borrowing, the interests of the investors may be subordinated to such Fund-level borrowing. Moreover, tax-exempt investors should note that the use of borrowings by the Fund may cause the realization of Unrelated Business Taxable Income.

### *Providers of Operations Support*

The Adviser, the Funds and/or the portfolio companies will from time to time retain other companies and individuals ("Operations Support Providers"), which may be affiliates of the general partner, employees of such affiliates, portfolio companies of other of the Adviser's funds, third party consultants (including specialized consultants, external executives, and industry advisory roundtable members), or members of the "advisory council".



The Operations Support Providers are engaged to provide operational support, due diligence, research, sourcing, specialized operations and consulting services and similar or related services to the Funds, or in connection with, one or more portfolio companies in relation to the identification, acquisition, holding, improvement and disposition of such portfolio companies (“Operations Support Services”). These services may be high level insight or extensive day-to-day roles, and may include support to the general partner on behalf of the Funds, or portfolio companies regarding, among other things, the company’s management (including serving in management positions or participating in determining corporate strategy), the company’s supply chain, revenue and margin management (including determining sales/marketing strategy and retail strategy), data intelligence, finance (including generating metrics and reporting and business restructuring), human capital management (including recruiting personnel and determining executive/incentive compensation), information technology, corporate communications, customer service, sustainability (including, strategy, policy and reporting development), real estate matters and similar operational matters.

The nature of the relationship with each such Operations Support Provider and the time devotion requirements of each such Operations Support Provider may vary significantly. Certain Operations Support Providers may be subject to contractual obligations to exclusively provide certain services to the Funds and/or the portfolio companies. These arrangements may be memorialized in a formal written agreement or may be informal and are negotiated individually, depending upon the anticipated Operations Support Services to be provided. Operations Support Providers may be offered the ability (or may have a preferred right) to co-invest alongside Funds, including in investments in which such Operations Support Provider is involved or participates in the management thereof.

Pursuant to the Organizational Documents of the Funds, fees and expenses associated with Operations Support Services (“Operations Expenses”) are paid and/or reimbursed by portfolio companies and/or the Funds. However, the annual retainage payments to the “advisory council members” are paid by the Adviser and not charged to the Funds or portfolio companies. Operations Expenses (including Operations Expenses incurred in connection with an affiliated Operations Support Provider) may be determined at the discretion of the general partner taking into account the particular Operations Support Services, may include an annual fee or retainer, a discretionary bonus, a success fee (in the form of cash or equity) based on pre-determined targets or milestones, a profits or equity interest in the Funds and/or portfolio company or other incentive-based compensation to the Operations Support Provider, and may otherwise be determined according to one or more methods, including the value of the time (including an allocation for overhead and other fixed costs) of the Operations Support Provider, a percentage of the value of the portfolio company, the invested capital exposed to such portfolio company, amounts charged by other providers for comparable services and/or a percentage of cash flows from such companies. The determination of whether a service is an Operations Support Service will be made by the general partner, in its good faith discretion, but will generally be based on whether third parties often provide such services to investment advisers or companies. Operations Expenses will, from time to time also be incurred in respect of portfolio companies prior to the closing of the investment. To the extent services may be provided for the benefit of a Fund, without reference to a portfolio company, Operations Expenses incurred in connection with such services are borne by the Fund. In the event one or more Operations Support Providers (directly or indirectly) is providing services with respect to the Funds, such Operations

Expenses will be allocated among the Funds as determined by the General Partner or Adviser, as applicable in a fair and equitable manner. To the extent any such Operations Expenses are payable to any affiliated Operations Support Provider by the Funds or a portfolio company, such Operations Expenses will not reduce any fees otherwise payable to the management company or its affiliates. The General Partner's good faith determination as to whether a service is an Operations Support Service, the categorization of any fees and expenses (e.g., as Operations Expenses) and the allocation of such fees and expenses shall be binding on the Fund and its investors. Over time, certain existing and former employees of the Adviser (including senior personnel) may transition to an Operations Support Provider role, which may shift the burden of compensation such persons from the Adviser to the applicable Fund and/or its portfolio companies.

Although the use of Operations Support Providers and allocation of Operations Expenses paid to them may subject the Adviser and its affiliates to potential conflicts of interest, the Adviser believes any such potential conflicts of interest are mitigated by the expected savings to the portfolio companies (and, in turn, the relevant Fund(s)) that will be applied if the cost of the Operation Support Provider is lower than market rates for the services provided, or if the services provided by the Operations Support Providers are consistent with the business strategy the Adviser has for the relevant portfolio company.

#### *Diverse Membership*

The investors in the Funds are expected to include U.S. taxable and tax-exempt entities, and institutions from jurisdictions outside of the United States. Such investors have and, in the future, may have conflicting investment, tax and other interests with respect to their investments in a Fund. The conflicting interests among the investors may relate to or arise from, among other things, the nature of investments made by a Fund, the structuring of the acquisition of investments and the timing of the disposition of investments. As a consequence, conflicts of interest have and in the future may arise in connection with decisions made by the Adviser or its affiliates, including with respect to the nature or structuring of investments, that have and in the future may be more beneficial for one investor than for another investor, especially with respect to investors' individual tax situations. In selecting and structuring investments appropriate for a Fund, the Adviser and its affiliates will consider the investment and tax objectives of the applicable Fund and the investors, not the investment, tax or other objectives of any investor individually.

#### *Business with and Among Portfolio Companies and Investors*

Given the collaborative nature of the Adviser's business and the portfolio companies in which the Funds and Managed Accounts have invested, there are often situations where the Adviser is in the position of recommending portfolio company services to other portfolio companies. The Adviser may have a conflict of interest in making such recommendations, in that the Adviser has an incentive to maintain goodwill between it and the existing and prospective portfolio companies for the Funds and Managed Accounts, while the products or services recommended may not necessarily be the best available to the portfolio companies held by the Funds or Managed Accounts. The benefits received by a portfolio company providing a service may be greater than those received by the Fund(s), Managed Accounts(s) and their portfolio companies

receiving the service.

The Adviser may have an incentive to recommend the products or services of certain investors in the Funds or Managed Accounts or their related businesses to the Funds or Managed Accounts or their portfolio companies for use or purchase, even though the products or services recommended may not necessarily be the best available to the Funds, the portfolio companies or the Managed Accounts.

The Adviser and/or its affiliates may engage in business opportunities arising from a Fund's or Managed Account's investment in a portfolio company (for example, without limitation, entering into a joint venture with a portfolio company or making a proprietary investment in a portfolio company). This creates a conflict of interest, as such interests are a benefit arising from the Fund's or Managed Account's investment and may vary from the applicable Fund's or Managed Account's interest (e.g., whether to make a follow-on investment and, if so, how much should be allocated to the Fund).

In certain instances, a Fund's or Managed Account's portfolio company competes with, is a customer of, or is a service provider to, another Fund's or Managed Account's portfolio company. In providing advice to a portfolio company's business, the Adviser is not obligated to, and need not, take into consideration the interests of other relevant portfolio companies, Funds or Managed Accounts. As a result, a conflict of interest may arise in these instances because advice and recommendations provided by the Adviser to a portfolio company may have adverse consequences to a separate portfolio company owned by another Fund or Managed Account. For instance, a portfolio company may seek to expand its market share at the expense of another portfolio company, withdraw business from another portfolio company in favor of another company offering the same product or service at a lower price, increasing its own prices or commencing litigation against another portfolio company.

Certain members of the Adviser's advisory council have been, are, or in the future may be, officers or directors of, or otherwise affiliated with, investors in a Fund. The general partner of a Fund may from time to time utilize the services of investors and their affiliates on an arm's length basis, as it deems appropriate.

The Adviser and its affiliates may, from time to time hire part-time or full-time employees (including interns) who are relatives of, or are otherwise associated with an investor, portfolio company, former portfolio company, investment target, or service provider. Although the Adviser uses reasonable care to mitigate any potential conflicts of interest with respect to each situation, there is no guarantee the Adviser can control all such conflicts of interest and there may be a continuing appearance of a conflict of interest.

### *Service Providers*

Services required by a Fund (including some services historically provided by the Adviser or its affiliates to the Funds) may, for certain reasons including efficiency and economic considerations, be outsourced in whole or in part to third parties in the discretion of the Adviser or its affiliates. The Adviser and its affiliates have an incentive to outsource such services at the expense of the Funds or Managed Accounts to, among other things, leverage the use of Adviser

personnel. Such services may include, without limitation, deal sourcing, information technology, license software, depository, data processing, client relations, administration, custodial, accounting, legal and tax support and other similar services. Outsourcing may not occur universally for all Funds or Managed Accounts and accordingly, certain costs may be incurred by a Fund or Managed Account for a third-party service provider that is not incurred for comparable services by other Funds or Managed Accounts. The decision by the Adviser to initially perform a service for a Fund or Managed Account in-house does not preclude a later decision to outsource such services (or any additional services) in whole or in part to a third-party service provider in the future. The costs and expenses of any such third-party service providers will be borne by the Funds or Managed Accounts.

The Adviser has service providers, including for example, investment bankers, outside legal counsel and pension consultants, who are investors in Funds and/or who provide services to businesses that are competitors of the Adviser. The Adviser may have a conflict of interest with the Funds and Managed Accounts in recommending the retention or continuation of a service provider to the Funds and Managed Accounts or a portfolio company if such recommendation, for example, is motivated by a belief that the service provider will continue to invest in Funds or will provide the Adviser information about markets and industries in which the Adviser operates or is interested or will provide other services that are beneficial to the Adviser. There is a possibility that the Adviser, because of such belief or for other reasons, may favor such retention or continuation even if a better price and/or quality of service could be obtained from another person.

The Adviser and/or its affiliates may engage certain service providers to provide services to the Adviser, the Funds and/or the portfolio companies, including services during the due diligence and acquisition process. Such service providers are, in certain circumstances, investors in a Fund or affiliates of such investors and may include, for example, investment or commercial bankers, outside legal counsel pension consultants and/or other investors who provide services (including mezzanine and/or lending arrangements). The engagement of any such service provider may be concurrent with an investor's admission to a Fund, or during the term of such investor's investment in the Fund. This creates a conflict of interest, as the Adviser may give such investor preferred economics or other terms with respect to its investment in a Fund, or may have an incentive to offer such investor co-investment opportunities that it would not otherwise offer to such investor.

Additionally, employees of the Adviser or its affiliates, and/or their family members or relatives may in the future have ownership, employment, or other interests in such service providers. These relationships that an Adviser may have with a service provider can influence the Adviser in determining whether to select or recommend such service provider to perform services for a Fund, Managed Account or a portfolio company. The Adviser will have a conflict of interest with the Funds and Managed Accounts in recommending the retention or continuation of a service provider to the Funds, Managed Account, or a portfolio company if such recommendation, for example, is motivated by a belief that the service provider will continue to invest in Funds or Managed Accounts or will provide the Adviser information about markets and industries in which the Adviser operates or is interested or will provide other services that are beneficial to the Adviser. Although the Adviser selects service providers that it believes will enhance portfolio company performance (and, in turn, the performance of the relevant Fund(s) or

Managed Account(s)), there is a possibility that the Adviser, because of financial, business interest, or other reasons, may favor such retention or continuation even if a better price and/or quality of service could be obtained from another person. While the Adviser often does not have visibility or influence regarding advantageous service rates or arrangements, there will be situations in which the Adviser receives more favorable service rates or arrangements than the Funds, Managed Account or their portfolio companies.

The Adviser or its affiliates and service providers often charge varying amounts or may have different fee arrangements for different types of services provided. For instance, fees for various types of work often depend on the complexity of the matter, the expertise required, and the time demands of the service provider. As a result, to the extent the services required by the Adviser or its affiliates differ from those required by the Funds, Managed Accounts and/or their portfolio companies, the Adviser and its affiliates will pay different rates and fees than those paid by the Funds and/or its portfolio companies. Notwithstanding the foregoing, the Adviser generally does not negotiate for any arrangement with a service provider that provides for a lower rate or discount than those available to a Fund, or Managed Account or a portfolio company for comparable services.

#### *Positions with Portfolio Companies*

Employees of the Adviser have and, in the future, may serve as directors of portfolio companies. Such employees are required to remit any remuneration they may receive as directors to the applicable Funds. In addition, to the extent an employee serves as a director on the board of more than one portfolio company, such employees' fiduciaries duties among the two portfolio companies may create a conflict of interest. In addition, employees of the Adviser have and, in the future, may leave the employment of the Adviser or its affiliates and become an officer or employee of a portfolio company. Employees are prohibited from receiving consulting, management or other fees personally from portfolio companies.

Decisions made by a director may subject the Adviser, its affiliate, a Fund or Managed Account 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.

From time to time employees of the Adviser may also be asked to serve as directors of, or observers with respect to, certain entities in which a Fund or Managed Account has fully exited its ownership interest and/or following the termination of such employee's employment with the Adviser. In such circumstances, any compensation or fees received by such former employee is not subject to the Advisory Fee offset described above, or otherwise shared with the Funds and/or investors.

#### *Side Letter Agreements; Advisory Committee Rights*

The Adviser has and in the future may enter into certain side letter arrangements with certain investors in a Fund providing such investors with different or preferential rights or terms, including but not limited to different fee structures, information rights, co-investment rights, and liquidity or transfer rights.

Generally, each Fund has established an advisory committee, consisting of representatives of investors. A conflict of interest may exist when some, but not all limited partners are permitted to designate a member to the advisory committee. The advisory committee may also can approve conflicts of interests with respect to the Adviser and the applicable Fund, which could be disadvantageous to the investors, including those investors who do not designate a member to the advisory committee. Representative of the advisory committee may have various business and other relationships with the Adviser and its partners, employees and affiliates. These relationships may influence the decisions made by such members of the advisory committee.

In addition, members of one Fund's advisory committee may also be a member of another Fund's advisory committee. In such instances, a conflict of interest exists because the Funds on which such overlapping advisory committee members may have conflicting interests and such advisory committee members may be requested to provide their consent with respect to such conflicts of interest and will not recuse themselves from any such vote.

### *Other Potential Conflicts*

The organizational documents of a Fund or Managed Account establish complex arrangements among the Funds, Managed Accounts, the Adviser, investors, and other relevant parties. From time to time, questions may arise regarding certain parties' rights and obligations in certain situations, some of which may not have been contemplated upon the negotiation and execution of such documents. In some instances, the operative provisions of the organizational documents, if any, may be broad, unclear, general, conflicting, ambiguous, and vague and may allow for multiple reasonable interpretations. In other instances, there may not be a directly applicable provision. While the Adviser will construe the relevant provisions in good faith and in a manner consistent with its fiduciary duty and legal obligations, the interpretations used may not be the most favorable to a Fund, Managed Account or their respective investors.

The Adviser, the Funds and Managed Accounts will generally engage common legal counsel and other advisers in a particular transaction, including a transaction in which there have and in the future may be conflicts of interest. Members of the law firms engaged to represent the Funds or Managed Account may be investors in a Fund and have and in the future may also represent one or more portfolio companies or investors in a Fund or Managed Account. In the event of a significant dispute or divergence of interest between Funds, Managed Accounts, the Adviser and/or its affiliates, the parties may engage separate counsel in the sole discretion of the Adviser and its affiliates, and in litigation and other circumstances separate representation may be required. Additionally, the Adviser, the Managed Account and the Funds may engage other common service providers. In certain circumstances, the service provider may charge varying rates or engage in different arrangements for services provided to the Adviser, the Funds and/or the Managed Accounts. This may result in the Adviser receiving a more favorable rate on services provided to it by such a common service provider than those payable by the Funds and/or Managed Accounts, or the Adviser receiving a discount on services even though the Funds and/or the Managed Accounts receive a lesser, or no, discount. This creates a conflict of interest between the Adviser, on the one hand, and the Fund and/or Managed Accounts, on the other hand, in determining whether to engage such service providers, including the possibility that the Adviser will favor the engagement or continued engagement of such persons if it receives a benefit from such service providers, such as lower fees, that it would not receive

absent the engagement of such service provider by the Funds and/or Managed Accounts.

The Adviser has and in the future may, in its discretion, have, and may, in its discretion, cause the Funds, Managed Account and/or their portfolio companies to have, ongoing business dealings, arrangements or agreements with persons who are former employees or executives of the Adviser. The Funds, Managed Account and/or their portfolio companies may bear, directly or indirectly, the costs of such dealings, arrangements or agreements. In such circumstances, there may be a conflict of interest between the Adviser and the Funds or Managed Accounts (or their portfolio companies) in determining whether to engage in or to continue such dealings, arrangements or agreements, including the possibility that the Adviser may favor the engagement or continued engagement of such persons even if a better price and/or quality of service could be obtained from another person.

The Adviser may, cause one or more Funds or Managed Accounts to purchase, and/or bear premiums, fees, costs and expenses (including any expenses or fees of insurance brokers) for insurance to insure the applicable Funds or Managed Accounts, the applicable general partner, the Adviser and/or their respective directors, officers, employees, agents, representatives, members of the advisory committee and other indemnified parties, against liability in connection with the activities of the Funds or Managed Accounts. This may include a portion of any premiums, fees, costs and expenses for one or more “umbrella” or other insurance policies maintained by the Adviser that cover one or more Funds, Managed Accounts and/or the Adviser (including their respective directors, officers, employees, agents, representatives, members of the advisory committee and other indemnified parties). The Adviser will make judgments about the allocation of premiums, fees, costs and expenses for such “umbrella” or other insurance policies among one or more Funds, Managed Accounts and/or the Adviser on a fair and reasonable basis, and may make corrective allocations should it determine subsequently that such corrections are necessary or advisable. There can be no assurance that a different allocation would not result in a Fund or Managed Account bearing less (or more) premiums, fees, costs and expenses for insurance policies.

If a Fund or Managed Account purchases in the secondary market at a discount debt securities of a company in which a Fund or Managed Account has, for example, a substantial equity interest, (a) a court might require a Fund or Managed Account to disgorge profit it realizes if the opportunity to purchase such securities at a discount should have been made available to the issuer of such securities or (b) a Fund or Managed Account might be prevented from enforcing such securities at their full face value if the issuer of such securities becomes bankrupt. The effect of these transactions will vary from jurisdiction to jurisdiction.

The partnership agreements (or analogous organizational documents) of certain Funds permit each such Fund’s General Partner to withhold information from certain limited partners or investors in such Fund in certain circumstances. For instance, information may be withheld from limited partners that are subject to Freedom of Information Act or similar requirements. The General Partner may elect to withhold certain information to such limited partners for reasons relating to the General Partner’s public reputation or overall business strategy, despite the potential benefits to such limited partners of receiving such information.

Please see the discussion above under the sub-heading “Resolution of Conflicts” for a description of the means by which the Adviser and its related persons have and, in the future, may seek to alleviate conflicts of interest among the Funds or other persons.

## **Item 12. Brokerage Practices**

As Funds or Managed Accounts invest primarily in private equity ventures, the Adviser anticipates that investments in publicly traded securities will be infrequent occurrences (e.g., money market instruments pending investment in a portfolio company, securities held as a result of initial public offerings of portfolio companies, going-private transactions, etc.). However, the Adviser has adopted written policies to address issues that might arise with respect to purchasing, holding, and selling publicly traded securities.

### Selection of Brokers and Dealers

For each of the Funds or Managed Accounts, the Adviser generally has sole discretion over the purchase and sale of investments (including the size of such transactions) and the broker or dealer, if any, to be used to effect transactions. In placing each transaction for a Fund or Managed Account involving a broker-dealer, the Adviser will seek “best execution” of the transaction. “Best execution” means obtaining for a Fund account or Managed Account the lowest total cost (in purchasing a security) or highest total proceeds (in selling a security), taking into account the circumstances of the transaction and the reputability and reliability of the executing broker or dealer.

In determining whether a particular broker or dealer is likely to provide best execution in a particular transaction, the Adviser’s CCO takes into account all factors that he or she deems relevant to the broker’s or dealer’s execution capability, including, by way of illustration, price, the size of the transaction, the nature of the market for the security, the amount of the commission, the timing of the transaction taking into account market prices and trends, the reputation, experience and financial stability of the broker or dealer, and the quality of service rendered by the broker or dealer in other transactions. In addition, the Adviser may consider the use of Electronic Communications Networks (“ECNs”) when placing trades on behalf of the Funds. When purchasing or selling over-the-counter securities with market makers, the Adviser generally seeks to select market makers it believes to be actively and effectively trading the security being purchased or sold.

In order to monitor best execution, the Adviser’s CCO will periodically monitor broker-dealers to assess the quality of execution of brokerage transactions effected on behalf of the Adviser and each Fund and Managed Account.

### Aggregation of Trades

The Adviser and its affiliates may aggregate (or bunch) the orders of more than one Fund or Managed Account for the purchase or sale of the same publicly traded security. Portfolio managers and traders often employ this practice because larger transactions can enable them to obtain better overall prices, including lower commission costs or mark-ups or mark-downs. The



Adviser and its affiliates may combine orders on behalf of Funds and Managed Accounts with orders for other Funds and Managed Accounts for which it or its affiliates have trading authority, or in which it or its affiliates have an economic interest. In such cases, the Adviser and its affiliates generally aggregate trade orders for publicly traded securities so that each participating Fund and Managed Account will receive the average price for each execution of a transaction.

If an order for more than one Fund for a publicly traded security cannot be fully executed, allocation shall be made based upon the Adviser's procedures for allocation of investment opportunities, as described in Item 11 above.

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

#### Oversight and Monitoring

The investment portfolios of the Funds and Managed Accounts 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 closely monitors the portfolio companies of the Funds and Managed Accounts and generally maintains an ongoing oversight position in such portfolio companies. The portfolios are reviewed by a team of investment professionals on an on-going basis. The team generally includes Managing Partners and other investment professionals of the Adviser.

#### Reporting

Investors in the Funds typically receive, among other things, a copy of audited financial statements of the relevant Fund within 120 days after the fiscal year end of such Fund, as well as quarterly performance reports within 60 days after each fiscal quarter end. The Adviser and the applicable General Partner, if any, may from time to time, in their sole discretion, provide additional information relating to such Fund to one or more investors in such Fund as they deem appropriate.

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

For details regarding economic benefits provided to the Adviser by non-clients, including a description of related material conflicts of interest and how they are addressed, please see Item 11 above.

While not a client solicitation arrangement, the Adviser has and, in the future, may from time to time engage one or more persons to act as a placement agent for a Fund in connection with the offer and sale of interests to certain potential investors. Such persons generally will receive a fee in an amount equal to a percentage of the capital commitments for interests made by such potential investors to such Fund that are subsequently accepted. Such Fund has and, in the future, may, subject to any limitations set forth in its partnership agreement or other organizational documents, reimburse such fees. Advisory Fees received by the Adviser are generally reduced by the amount of such fees.

## **Item 15. Custody**

As Cyprium relies on the “audit exemption” under the Advisers Act custody rule (i.e., Rule 206(4)-2(b)(4)), investors in the Funds will not receive account statements from the Funds’ custodians.

## **Item 16. Investment Discretion**

Investment advice is provided directly to the Funds and Managed Accounts and not individually to the investors in the Funds. Services are provided to the Funds and Managed Accounts in accordance with the Advisory Agreements with the Funds and Managed Accounts and/or organizational documents of the applicable Fund. Investment restrictions for the Funds, if any, are generally established in the organizational or offering documents of the applicable Fund.

## **Item 17. Voting Client Securities**

The Adviser has established written policies and procedures setting forth the principles and procedures by which the Adviser votes or gives consent with respect to securities owned by the Funds and Managed Accounts (“Votes”). The guiding principle by which the Adviser votes all Votes is to vote in the best interests of each Fund and Managed Account by maximizing the economic value of the relevant Fund’s and Managed Account’s holdings, taking into account the relevant Fund’s and Managed Account’s investment horizon, the contractual obligations under the relevant Advisory Agreements or comparable documents, and all other relevant facts and circumstances at the time of the vote. The Adviser does not permit Voting decisions to be influenced in any manner that is contrary to, or dilutive of, this guiding principle.

It is the Adviser’s general policy to vote or give consent on all matters presented to security holders in any Vote. However, the Adviser reserves the right to abstain on any particular Vote or otherwise withhold its vote or consent on any matter if, in the judgment of the Adviser’s Chief Compliance Officer (the “CCO”), or the relevant Adviser investment professional, the costs associated with voting such Vote outweigh the benefits to the relevant Funds or if the circumstances make such an abstention or withholding otherwise advisable and in the best interests of the relevant Funds.

Funds generally cannot direct the Adviser’s Vote.

All Voting decisions initially are referred to the appropriate investment team for a voting decision. In most cases, the investment team covering the particular investment will make the decision as to the appropriate vote for any Vote. In making such decision, the team has and, in the future, may rely on any of the information and/or research available to it. The investment team making the Voting decision will inform the CCO of any such Voting decision, and if the CCO does not object to such decision as a result of his or her conflict of interest review, the Vote will be voted in such manner. If the investment professional and the CCO are unable to arrive at an agreement as to how to vote, then the CCO may consult with the Adviser’s senior management as to the appropriate vote, who will then review the issues and arrive at a decision

based on the overriding principle of seeking the maximization of the economic value of the relevant Funds' holdings.

The Adviser's CCO has the responsibility to monitor Votes for any conflicts of interest, regardless of whether they are actual or perceived. All Voting decisions will require a mandatory conflicts of interest review by the Adviser's CCO in accordance with these policies and procedures, which will include consideration of whether the Adviser or any investment professional or other person recommending how to vote and/or the Adviser's affiliates and their clients has an interest in how the Vote is voted that may present a conflict of interest. In addition, all Adviser investment professionals are expected to perform their tasks relating to the voting of Votes in accordance with the principles set forth above, according the priority to the best interest of the relevant Funds. The Adviser's CCO will use his or her best judgment to address any such conflict of interest and ensure that it is resolved in accordance with his or her independent assessment of the best interests of the Funds.

Where the Adviser's CCO deems appropriate in his or her sole discretion, unaffiliated third parties may be used to help resolve conflicts. In this regard, the Adviser's CCO shall have the power to retain independent fiduciaries, consultants, or professionals to assist with voting decisions and/or to delegate voting or consent powers to such fiduciaries, consultants or professionals.

Copies of relevant proxy logs, identifying how proxies were voted in connection with a Fund and copies of proxy voting policies are available to any client or prospective client upon written request to: Cyprium Investment Partners LLC, Attn: Chief Compliance Officer, 200 Public Square, Suite 2020, Cleveland, OH 44114.

#### **Item 18. Financial Information**

Item 18 is not applicable to the Adviser.

#### **Item 19. Requirements for State-Registered Advisers**

Item 19 is not applicable to the Adviser.