

**CENTURY EQUITY PARTNERS LLC**

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Form ADV, Part 2A  
(the “Firm Brochure”)

March 23, 2020

**This brochure provides information about the qualifications and business practices of Century Equity Partners LLC. If you have any questions about the contents of this brochure, please contact us at 617-701- 5170. 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 Century Equity Partners LLC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Century Equity Partners LLC is registering as an investment adviser. Registration of an investment adviser does not imply a certain level of skill or training.**

**Item 2. Material Changes**

There are no material changes to report.

### Item 3. Table of Contents

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

CEP became registered as an investment adviser with the Securities and Exchange Commission under the Investment Advisers Act of 1940 on November 16, 2015. CEP is the successor in interest to the private equity fund management business of CCM. CEP's principal owner is Davis R. Fulkerson.

For purposes of this brochure, the "Adviser" means CEP, together with its affiliates that provide advisory services to and/or receive advisory fees from clients. Such affiliates may or may not be under common control with CEP, but possess a substantial identity of personnel and/or equity owners with CEP. These affiliates may be formed for tax, regulatory or other purposes in connection with the organization of the Funds (as defined below) or may serve as general partners of the Funds.

The Adviser provides discretionary asset management services to Century Capital Partners IV, L.P., Century Focused Fund III, L.P., Century Focused Fund IV, L.P., Century CS&B Co-Invest, L.P., Century Ash Co-Invest, L.P., and Century RCG Co-Invest, L.P. (the "Main Funds"). The Adviser may, in the future, advise additional funds. The Adviser also may also, from time to time, establish, on a transaction-by-transaction basis, certain investment vehicles through which certain persons may invest alongside one or more Main Funds in a particular investment opportunity (each such vehicle, a "Co-Investment Vehicle"). Co-Investment Vehicles typically are limited to investing in securities relating to the transaction with respect to which they were organized. CEP formed, and the Adviser may in the future form, 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, Co-Investment Vehicles and Alternative Investment Vehicles are collectively referred to as the "Funds."

As of December 31, 2019, the Adviser has regulatory assets under management of approximately \$795.1 million.

The Funds make primarily long-term private equity and equity-related investments, and may, to a lesser extent, invest in debt instruments. In accordance with the Funds' respective investment objectives, investments are generally made in lower middle market financial services companies and related distribution and service businesses. The Adviser's advisory services consist of investigating, identifying and evaluating investment opportunities, structuring, negotiating and making investments on behalf of the Funds, managing and monitoring the performance of such investments, and disposing of such investments.

The Adviser provides investment supervisory services to each Fund in accordance with a limited partnership agreement or separate investment and advisory, investment management or portfolio management agreements (each, a "Management Agreement"). The Adviser provides investment advice directly to the Funds, subject to the discretion and control of the applicable general partner, and not individually to the investors in the Funds. Investment restrictions for the Funds, if any, are generally established in the organizational or offering documents of the applicable Fund.

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

In general, the Adviser is paid an asset-based advisory fee of up to two percent (2%) of committed capital (the "Advisory Fee"). The precise amount of, and the manner of calculation of, the Advisory Fee for each Fund generally is set forth in such Fund's Management Agreement, organizational documents and/or other documentation received by each investor prior to investment in such Fund, but may be modified by negotiations with investors in the Fund. The fee structure may be modified from time to time, and fees differ and may in the future differ from one Fund to another, as well as among investors in the same Fund. Typically, Advisory Fees are billed in arrears in conjunction with capital calls and deducted from the assets of the Funds.

In addition, the Adviser and its affiliates may perform management, advisory, transaction-related, financial advisory and other services ("Related Services") for, and receive fees from, portfolio companies or other investment vehicles of the Funds, including fees in connection with mergers, acquisitions, add-on acquisitions, refinancings, public offerings, sales and similar transactions. Although these fees are in addition to the Advisory Fees, the Adviser in some circumstances reduces the amount of Advisory Fees paid by the applicable Fund in connection with the receipt of such fees. The amount and manner of such reduction is set forth in the Management Agreement and/or organizational documents of the applicable Fund. For a discussion of material conflicts of interest created by the receipt of such fees, please see Item 11 below.

The Advisory Fees paid by a Fund generally are reduced by the amount of fees paid by such Fund to persons acting as placement agents in connection with the offer and sale of interests in such Fund to certain potential investors, as well as by 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 organizational documents.

To the extent provided in the partnership agreements and other organizational documents of the Funds, the Adviser pays out of Advisory Fees certain operating expenses, including normal overhead expenses, office expenses, and office and equipment rental, entertainment, salaries and employee benefits, and other routine administrative expenses relating to the services and facilities provided to the Funds. Each Fund bears all other expenses relating to it to the extent not borne by its portfolio companies, including legal, accounting, investment banking, consulting, research, brokerage, finders', custody, transfer, registration, advisory board, interest, taxes and extraordinary expenses, and other similar fees and expenses.

Additionally, please see Item 6 below regarding "Carried Interest" that Funds may pay.

Although the Adviser does not anticipate using 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**

Registered investment advisers are subject to certain fiduciary standards under federal law and owe clients an affirmative duty of utmost good faith to act solely in the best interests of the client and to make full and fair disclosure of all material facts, particularly where the adviser's interests may conflict with the client's best interest. In this section, we describe our performance-based arrangements and our side-by-side management activities and the inherent conflicts in such arrangements.

In general, up to 20% of the profits of each Fund are allocated to the capital account of its general partner as "carried interest" (the "Carried Interest"). The general partner of each Fund is a related person of the Adviser.

The payment by some, but not all, Funds of Carried Interest 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, this conflict is mitigated by provisions restricting the Adviser, its affiliates and its principals, without the prior written consent of investors representing a majority of the aggregate commitments to the Main Fund, from establishing a new investment fund with objectives substantially similar to those of the Main Fund until such time as the applicable Main Fund is at least 75% invested or committed.

Carried Interest also may create an incentive for the general partner to cause a Fund to make more speculative investments or pursue riskier investment strategies than it would have made or pursued in the absence of performance-based compensation.

Please also see 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's clients are the Funds. The Adviser provides investment supervisory services to the Funds (subject to the direction and control of the general partner of each such Fund) and not to the investors in the Funds.

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 may include, among others, high net worth individuals, banks, thrift institutions, pension and profit sharing plans, trusts, estates, charitable organizations, university endowments, corporations, limited partnerships and limited liability companies or other entities.

The Adviser does not have a minimum size for a Fund, and no minimum investment commitment size has been established for investors in the Funds. Typically, investors have made investment commitments of at least \$5 million.

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

### *Methods of Analysis and Investment Strategies*

The Adviser targets investment opportunities in the financial services industry, including companies such as insurers, banks, lenders, credit card processors, specialty finance, healthcare services, asset management and distribution businesses. The investment process includes an assessment of the size of a market niche, its growth and profitability characteristics, and competitive threats. If the Adviser believes that the market segment possesses attractive characteristics, it then seeks to more fully understand the value proposition and competitive attributes of a specific company. The Adviser conducts fundamental analysis on potential target companies, focusing on revenue and earnings growth, the management team and management's philosophy, valuation, competitive advantages, and cash flow. Once it has established that a new investment has the required growth, profitability characteristics and/or management team to be an attractive addition to the portfolio, due diligence (including, but not limited to, an external review of accounting, IT and financial information, legal diligence, management background checks, and competitor and customer reference checks) is performed to test the original investment thesis.

Valuations of investments are based primarily on discounted publicly-traded or recently completed transaction multiples for comparable companies. Investments are structured to provide participation in upside results while providing protection for downside outcomes. While the Adviser invests in minority as well as majority positions, it looks to secure shareholder rights and Board level representation in both instances.

### *Risks*

Investing in securities involves risk of loss that all clients should be prepared to bear.

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, include the following:

No Assurance of Investment Return. Each Fund's general partner cannot provide assurance that it will be able to choose, make and/or realize investments in any particular company or portfolio of companies. There can be no assurance that a Fund will be able to generate returns for its limited partners or that the returns will be commensurate with the risks of investing in the types of companies and transactions described herein. There can be no assurance that any limited partner will receive any distribution from a Fund. Any return on investment to the limited partners will depend upon successful investments being made by a Fund. The marketability and value of any such investment will depend upon many factors beyond the control of a Fund. The expenses of a Fund may exceed its income, and a limited partner could lose the entire amount of its contributed capital. Therefore, an investor should only invest in a Fund if the investor can withstand a total loss of its investment.

Equity Risk. A substantial portion of each Fund's investments will be in equity or equity-related investments that by their nature involve business, financial, market and/or legal risks. While such investments offer the opportunity for significant capital gains, they also involve a high degree of risk that may result in substantial losses. There can be no assurance that the Adviser will correctly evaluate the nature and magnitude of the various factors that could affect the value of such investments. Prices of the investments may be volatile, and a variety of other factors that are inherently difficult to predict, such as domestic or international economic and political developments, may significantly affect the results of a Fund's activities. As a result, a Fund's performance over a particular period may not necessarily be indicative of the results that may be expected in future periods.

Liquidity Risk. Each Fund's investment portfolio consists primarily of investments in private companies. It is unlikely that there will be a readily available market for a Fund's investments. Each Fund generally is not able to sell its securities publicly unless their sale is registered under applicable securities laws or unless an exemption from such registration requirement is available. It is highly speculative as to whether and when a portfolio company will be able to register its securities so that the securities become eligible for trading in public markets. In addition, in some cases, a Fund may be prohibited by contract or legal or regulatory reasons from selling securities for a period of time. There can be no assurance that a Fund will be able to realize such investments at attractive prices or otherwise be able to effect

a successful realization or exit strategy. Consequently, dispositions of such investments may require a lengthy time period or may result in distributions in-kind to the partners.

**Diversification Risk.** Although the Funds typically do not invest more than 15% of aggregate commitments in any one portfolio company, diversification is not an objective of the Funds. Each Fund's portfolio may include a small number of large positions. As a consequence, the aggregate return may be substantially adversely affected by the unfavorable performance of even a single investment.

**Market Risk.** The capital, credit and securities markets have experienced significant levels of volatility and disruption in recent years. Ongoing volatility could negatively impact a Fund in a number of ways. Many of the investments purchased, held and sold on behalf of a Fund may be complex, and their market values will be highly sensitive to market changes. Overall returns may be reduced as relatively small changes in the capital, credit or securities markets may have significant impacts on the profitability of Fund investments. In addition, Congress and regulatory agencies may adopt further financial regulations and tax policies in response to continued volatility, which could restrict a Fund's investment options and be otherwise unfavorable to a Fund.

**Valuation Risk.** There is no actively traded market for most of the securities owned by a Fund. When estimating fair value, the general partner of each Fund applies a methodology based on its best judgment that is appropriate in light of 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 each general partner. 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 may differ from the prices at which such securities are ultimately sold. Third-party pricing information is generally not available regarding certain of a Fund's assets.

**Highly Competitive Market for Investment Opportunities.** There can be no assurance that there will be a sufficient number of suitable investment opportunities to enable the Fund to invest all of its commitments in opportunities that satisfy the Fund's investment objectives or that such investment opportunities will lead to completed investments by the Fund. Identifying, structuring, implementing and realizing attractive investments is highly competitive. The Fund competes for investments with other private equity investors, as well as companies, individuals, financial institutions and other institutional investors. Additional funds and other sources of investment capital with the same or similar investment objectives may be created in the future by other unrelated parties, which may compete with the Fund for investment opportunities. It is possible that such competition for appropriate investment opportunities may limit significantly the number of opportunities available to the Fund and/or adversely affect the terms upon which investments can be made. There can be no assurance that the Fund will be successful in its efforts to identify and complete attractive investment opportunities, and it is possible that the Fund's commitments will not be fully utilized if sufficient attractive investments are not identified and consummated by the Fund during the commitment Period.

**Leverage.** The Fund's investments may involve portfolio companies whose capital structures have leverage. These companies may be subject to restrictive financial and operating covenants. The leverage may impair these companies' ability to finance their future operations and capital needs. Such investments are inherently more sensitive to adverse economic factors such as rising interest rates, downturns in the economy or deteriorations in the condition of the portfolio company or its industry.

**Non-Controlling Investments; Investments with Third Parties.** The Fund may hold non-controlling interests in portfolio companies where it may have limited or no influence. Such a portfolio company may have economic or business interests or goals that are inconsistent with those of the Fund, and the Fund may not be in a position to protect the value of its investment in the portfolio company, although as a condition of making such investments, it is expected that appropriate shareholder rights generally will be sought to protect the Fund's investments. The Fund may also co-invest in a company with financial, strategic or other third-party investors through partnerships, joint ventures or other entities. Such investments may involve additional risks not present in investments where a third-party co-investor is not involved, including the possibility that a third-party co-investor may have economic or business interests or objectives that are inconsistent with those of the Fund or may be in a position to take (or block) action in a manner contrary to the Fund's interests or objectives. In addition, the Fund may, in certain circumstances, be liable for actions of its third party co-investors.

Reliance on Portfolio Company Management. The day-to-day operations of each portfolio company in which a Fund invests are the responsibility of such portfolio company's management team. Although the general partner is responsible for monitoring the performance of each Fund investment and generally intends to cause the Fund to invest in portfolio companies operated by strong management, there can be no assurance that the existing management team or any successor will be able to operate any such portfolio company in accordance with the Fund's expectations.

Risks in Effecting Operating Improvements. In some cases, a Fund's investment strategy will depend, in part, on the ability of the Fund to restructure and effect improvements in the operations of a portfolio company. The activity of identifying and implementing restructuring programs and operating improvements at portfolio companies entails a high degree of uncertainty. There can be no assurance that a Fund will be able to successfully identify and implement such restructuring programs and improvements.

Foreign Investment Risk. The Funds may invest in portfolio companies whose principal executive offices or corporate headquarters are, at the time of initial investment, outside of the United States or Canada. Investing in non-U.S. securities may involve substantially greater risks than investing in U.S. securities. These risks are described more fully in the applicable private placement memorandum of the Funds.

Foreign Currency and Exchange Rate Risks. A portion of the Funds' investments and the income received by the Funds with respect to such investments may be denominated in non-U.S. currencies. Accordingly, changes in currency exchange rates may adversely affect the dollar value of investments, interest and dividends received by a Fund, gains and losses realized on the sale of investments and the amount of distributions, if any, to be made by a Fund. In addition, a Fund may incur costs in converting investment proceeds from one currency to another.

Inside Information. From time to time, the Adviser or its affiliates may come into possession of material, non-public information concerning an entity in which a Fund has invested or proposes to invest, and the possession of such information may limit the ability of a Fund to buy or sell securities of such entity or to distribute such securities to the limited partners.

Bridge Financings. From time to time, the Funds may lend to portfolio companies on a short-term, unsecured basis or otherwise invest on an interim basis in portfolio companies in anticipation of a future issuance of equity or long-term debt securities or other refinancing or syndication. Such bridge loans will typically be convertible into a more permanent, long-term security; however, for reasons not always in a Fund's control, such long-term securities issuance or other refinancing or syndication may not occur and such bridge loans and interim investment may remain outstanding. In such event, the interest rate on such loans may not adequately reflect the risk associated with the unsecured position taken by a Fund.

Contingent Liabilities on Disposition of Investments. In connection with the disposition of an investment in a portfolio company, a Fund may be required to make representations about the business and financial affairs of such company typical of those made in connection with the sale of a business. The Fund may be required to indemnify the purchasers of such investment to the extent that any such representations are inaccurate or with respect to certain potential liabilities. These arrangements may result in the incurrence of contingent liabilities for which the general partner may establish reserves and/or escrow accounts. In that regard, distributions may be delayed or withheld until such reserves are no longer needed or the escrow periods expire. In addition, limited partners may be required to return amounts distributed to them to satisfy Fund obligations, including indemnity obligations.

Dependence on Key Personnel. The general partner of a Fund has exclusive responsibility for the Fund's activities, and other than as may be set forth in a Fund's private placement memorandum or limited partnership agreement, limited partners are not able to make investment or any other decisions in the management of a Fund. Limited partners therefore are relying on the ability of the general partner to select the investments to be made by a Fund. The success of a Fund will also be highly dependent on the expertise and performance of the managers and the other members of CEP's professional staff. There can be no assurance that these professionals will continue to be associated with the general partner or any of its affiliates throughout the life of a Fund.

Need for Follow-on Investments. A Fund may be called upon to provide follow-on funding for its portfolio companies or may have the opportunity to increase its investment in portfolio companies. There can be no assurance that a Fund will wish to make such follow-on investments or that a Fund will have sufficient capital to do so. A Fund's decision not to make a follow-on investment or its inability to do so may have an adverse impact on such portfolio company in

need of such an investment or may diminish a Fund's proportionate ownership in such portfolio company and thus its ability to influence such portfolio company's future development.

**Failure of Limited Partners to Fund their Commitment Obligations.** Each Fund's investments in portfolio companies will require capital calls on limited partners over an extended period of time. If a limited partner fails to pay installments of its commitment and the payments made by non-defaulting limited partners and borrowings by the Fund are inadequate to cover the defaulted amounts, the Fund may be unable to pay its obligations. As a result, the Fund's ability to complete its investment program or otherwise to continue operations may be substantially impaired and thus materially adversely affect the returns to the limited partners (including non-defaulting limited partners). In the event that a limited partner defaults, such limited partner may be subject to various penalties, including forfeiture of a portion of its interest, as provided in the limited partnership agreement.

**Indemnification.** Each Fund is required to indemnify, among others, the general partner, the general partner of the general partner, the management company, the managers and their respective partners, members, managers, agents, and other affiliates and other persons who serve or provide advisory services and resources at the request of the general partner on behalf of the Fund and members of the advisory committee for liabilities incurred in connection with the affairs of the Fund. Such liabilities may be material. For example, in their capacity as directors of portfolio companies, the partners, managers, or affiliates of the general partner may be subject to derivative or other similar claims brought by security holders of such companies. The indemnification obligations of a Fund would be payable from the assets of the Fund, including the unused commitments of the partners. If the assets of the Fund are insufficient to pay such indemnification obligations, the limited partners may be required to return distributions previously made to them in order to satisfy such obligations.

**Confidential Information.** Each Fund's limited partnership agreement contains confidentiality provisions intended to protect proprietary and other information relating to the Fund's portfolio companies. To the extent that such information is publicly disclosed, competitors of the Fund and/or its portfolio companies may benefit from such information, thereby adversely affecting the Fund, its portfolio companies, the general partner and the economic interests of the limited partners.

**Litigation Risks.** Each Fund is subject to a variety of litigation risks, particularly due to the substantial likelihood that one or more portfolio companies will face financial or other difficulties during the term of the Fund. A Fund may also participate in portfolio company financings at implicit valuations lower than the valuations implicit in preceding rounds of financing. Legal disputes, involving any or all of a Fund, the general partner, its members or its affiliates, may arise from a Fund's activities and investments (or any other activities relating to the operation of a Fund or the general partner) and could have a significant adverse effect on a Fund.

## **Item 9. Disciplinary Information**

There have been no material disciplinary events involving CEP (or its predecessor CCM) or a management person of CEP within the past ten years.

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

### **Related General Partners**

Various limited partnerships (the "General Partners") serve as general partners of the Funds. The general partners of the General Partners typically are limited liability companies that are controlled by the Adviser's personnel.

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

### **Code of Ethics**

CEP has adopted a Code of Ethics that applies to all persons supervised by CEP, including directors, officers, members and employees of CEP and other persons who provide investment advice on behalf of CEP and are subject to CEP's supervision and control. The Code of Ethics sets forth a standard of business conduct which reflects CEP's fiduciary obligations to its clients, requires that all supervised persons comply with applicable federal securities laws,

and establishes policies and procedures designed to mitigate actual or apparent conflicts of interest between personal transactions of supervised persons and CEP's clients.

The following discussion of CEP's Code of Ethics is qualified in its entirety by the Code of Ethics. A copy of the Code of Ethics will be provided to any client or prospective client upon request.

#### *Personal Trading*

CEP personnel who have access to nonpublic information regarding any client's purchase or sale of securities or nonpublic information regarding the holdings in a client's account, or who have involvement in making securities recommendations to CEP's clients or have access to such recommendations, are defined as "access persons" by the Code of Ethics. The Code of Ethics prohibits any access person from purchasing or selling any covered security (generally any security, subject to exceptions, such as U.S. government securities and shares of mutual funds, listed in the Code of Ethics) which is being considered for purchase or sale by CEP for its clients, or is being purchased or sold by CEP for its clients. In general, no access person may purchase or sell a covered security identified in the firm's restricted list. Each access person must review the firm's restricted list prior to effecting or acquiring or disposing of any restricted security. In addition, access persons shall obtain prior approval from the CCO with respect to (i) the receipt any gift or other item of more than minimal value from any person or entity doing business with CEP that might create a conflict of interest, and (ii) serving on the board of directors of a publicly-traded company. In addition, any transactions by access person in initial public offerings and limited offerings require the prior approval of the CCO before effecting such transactions.

CEP's Code of Ethics prohibits all access persons from trading in securities, either personally or on behalf of others, while in possession of material, nonpublic ("inside") information relating to the issuer of such securities, and prohibits supervised persons from communicating inside information to others in violation of law.

#### *Participation or Interest in Client Transactions*

The Adviser and certain employees and affiliates of the Adviser may invest in the Funds, either through the General Partners, as direct investors in the Funds or otherwise. A Fund or its General Partner, as applicable, 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.

#### *Conflicts of Interest*

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

#### *Resolution of Conflicts*

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 as to what is in the best interest of the Funds, but in its sole discretion. In resolving conflicts, the Adviser may consider various factors, including the interests of the applicable Funds 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 may mitigate, but will not eliminate, conflicts of interest:

- A Fund will not make an investment unless the Adviser believes that such investment is an appropriate investment considered solely from the viewpoint of such Fund;
- 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; and

- 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.

### *Conflicts*

The material conflicts of interest encountered by a Fund include those discussed below, although the discussion below does not necessarily describe all of the conflicts that may be faced by a Fund. 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 may encounter situations in which it must determine how to allocate investment opportunities among various clients and other persons, including the Funds. In recognition of its fiduciary duties, it is the policy of the Adviser to treat the Funds fairly and equitably in the allocation of investment opportunities and transactions more generally.

The Funds are generally subject to investment allocation requirements (collectively, “Investment Allocation Requirements”), which may be set forth in the instrument under which the Fund 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 do not include specific allocation procedures and/or allow the Adviser discretion in making allocation decisions among the Funds, the Adviser will follow the process set forth below.

The Adviser must first determine which Funds will participate in an investment opportunity. As of December 31, 2019, Century Capital Partners IV, L.P. and Century Focused Fund III, L.P. are fully-invested (except for possible follow-on investments in existing portfolio companies).

The Adviser will assess whether an investment opportunity is appropriate for a particular Fund(s), based on the Fund’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. Prior to making any allocation to a Fund of an investment opportunity, the Adviser will determine what additional factors, including but not limited to a Fund’s capacity to make additional investments, may restrict or limit the offering of an investment opportunity to the Fund(s).

Once the Funds that can participate in a particular investment have been identified, the Adviser, in its discretion, will decide how to allocate such investment opportunity among the identified Funds. The Adviser will seek to make all allocations of investment opportunities among the Funds in a fair and equitable manner, and will not favor or disfavor, consistently or consciously, any Fund in relation to any other Funds. 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, (ii) the profitability of any Fund or (iii) any person’s interest in offering or participating in co-investment opportunities outside of any Fund.

Subject to any Investment Allocation Requirements, in general, (i) no investor in a Fund has a right to participate in any co-investment opportunity, (ii) decisions regarding whether and to whom to offer co-investment opportunities are made in the sole discretion of the Adviser or its related persons, (iii) co-investment opportunities may, and 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 (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.

The allocation of investment opportunities may not, and often will not, result in proportional allocations, and such allocations may be more or less advantageous to some persons relative to other 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 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 did not exist.

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 Funds and 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 makes investments in conjunction with an investment being made by other Funds, or in a transaction where another Fund has already made an investment. Investment opportunities may be appropriate for Funds 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. There can be no assurance that the return of a Fund participating in a transaction would be equal to and not less than another Fund 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 may invest in opportunities that other Funds have declined, and likewise, a Fund may decline to invest in opportunities in which other Funds have invested.

#### *Management of the Funds*

The Adviser will manage a number of Funds that have investment objectives similar to each other and may, in the future, establish one or more additional investment funds with investment objectives substantially similar to, 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. In addition, it is expected that employees of the Adviser responsible for managing a particular Fund will have responsibilities with respect to other Funds, including Funds that may be raised in the future. Conflicts of interest may arise in allocating time, services or functions of these employees.

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

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. In addition, officers, principals and employees may buy securities in transactions offered to but rejected by Funds. Transactions by employees are subject to the policies and procedures set forth in the Adviser's Code of Ethics.

#### *Fee Structure*

As discussed in Item 6 above, 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.

#### *Related Services*

As described in Item 5 above, CEP and its affiliates may perform Related Services for, and do and will receive fees from, portfolio companies. Such fees are in addition to any Advisory Fees or Carried Interest paid by the Funds to CEP. This creates a conflict of interest between CEP and its affiliates and the Funds and their investors because the amounts of these fees may be substantial and the Funds and their investors generally do not have an interest in these fees. These fees are disclosed to the Fund's advisory board and are disclosed to all investors in the Funds through the footnotes to the annual audited financial statements. CEP and its affiliates will, in accordance with the respective partnership agreements, reduce the amount of Advisory Fees paid by the applicable Fund by all or a portion of such fees. The amount and nature of this reduction varies from Fund to Fund and is set forth in the Management Agreement and/or organizational documents of the applicable Fund.

### *Diverse Membership*

The investors in the Funds 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 may arise in connection with decisions made by the Adviser, including with respect to the nature or structuring of investments, that 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 will consider the investment and tax objectives of the applicable Fund and the investors as a whole, not the investment, tax or other objectives of any investor individually.

### *Side Letter Agreements*

CEP has entered into and the Adviser may in the future 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 information rights, co-investment rights, and liquidity or transfer rights.

## **Item 12. Brokerage Practices**

As a fiduciary with discretionary authority, CEP acknowledges its responsibility to obtain best execution for client securities transactions whenever it is in a position to direct the execution of such transactions. The Funds invest primarily in private equity investments, although they may acquire, sell or distribute public securities on occasion. When selecting private equity investment opportunities, CEP believes it satisfies its best execution responsibilities through negotiation of the terms of the investment. With respect to those limited instances in which the Funds purchase or sell or distribute publicly traded securities through a broker-dealer, CEP seeks to satisfy its best execution obligation by considering all relevant facts and circumstances, including the price and size of the order, the trading characteristics of the securities involved, the value of research provided by each broker, the broker's execution abilities, commission rates, and financial responsibility and responsiveness. In selecting brokers, CEP attempts to obtain the best execution available for each transaction; however, CEP does not consider itself to be obligated to choose the broker offering the lowest commission rate if, in its best judgment, the overall value of brokerage services that would be provided by another broker would be more favorable.

### *Research and Other Soft Dollar Benefits*

CEP currently does not receive research or other products or services ("soft dollar benefits") from any broker in connection with securities transactions of the Funds.

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

### *Oversight and Monitoring*

The investment portfolios of the Funds are generally private, illiquid and long-term in nature, and accordingly the Adviser's review of them is not directed toward a short-term decision to dispose of securities. However, the Adviser closely monitors the portfolio companies of the Funds and generally maintains an ongoing oversight position in such portfolio companies. The portfolios are reviewed by the senior portfolio managers on an on-going basis.

### *Reporting*

Investors in the Funds receive, among other things, a copy of audited financial statements of the relevant Fund within ninety (90) days after the fiscal year end of such Fund, as well as quarterly performance reports within sixty (60) days after each fiscal quarter end. The Adviser may from time to time, in its sole discretion, provide additional information relating to such Fund to one or more investors in such Fund as requested.

Investors in a Co-Investment Vehicle are entitled to receive the reports and other information described in the organizational documents governing such Co-Investment Vehicle.

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

Other than what is disclosed in Item 12 regarding benefits the Adviser receives from its custodian(s), CEP does not receive economic benefits for referring clients to third-party service providers. CEP does not pay for client referrals.

**Item 15. Custody**

CEP is deemed to have custody of the assets of the Funds because the Funds' general partners are affiliates of CEP and, as the general partners of the Funds, have access to funds and securities held in the Funds' accounts. An independent public accountant annually audits a pooled investment vehicle(s) the firm manages and the audited financial statements are distributed to the investors in the pooled vehicle within 120 days from the end of the private fund's fiscal year end or 180 days in the event of a feeder/master fund structure.

**Item 16. Investment Discretion**

Investment advice is provided directly to the Funds, subject to the discretion and control of the General Partner of each Fund, and not individually to the investors in the Funds. Services are provided to the Funds in accordance with the Management Agreements with the General Partners 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.

Co-Investment Vehicles and Alternative Investment Vehicles are generally established in order to invest alongside or in the place of one or more Main Funds in a particular investment opportunity or opportunities, and the Adviser typically has limited discretion to invest the assets of the Co-Investment Vehicles or Alternative Investment Vehicles independent of the limitations as set forth in the organizational documents of the Co-Investment Vehicle or Alternative Investment Vehicle and applicable Main 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 ("proxies"). The guiding principle by which the Adviser votes all proxies is to vote in the best interests of each Fund by maximizing the economic value of the relevant Fund's holdings, taking into account the relevant Fund's investment horizon, the contractual obligations under the relevant Management 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.

Funds cannot direct the Adviser's Vote.

The Adviser recognizes that there is a potential conflict of interest when it votes a proxy solicited by an issuer with whom it has any material business or other relationship that may affect how the Adviser votes on the issuer's proxy. If an employee becomes aware of any potential or actual conflict of interest or perceived conflict of interest regarding a particular vote on behalf of a Fund, he or she must contact the Fund's advisory board. If an employee is a member of the board of directors of the soliciting company, the employee must abstain from discussions regarding the vote.

Limited partners of a Fund may obtain a copy of the Adviser's proxy voting policy and procedures and information about how the Adviser voted proxies on behalf of the Fund by sending a written request to: Century Equity Partners LLC, 100 Federal Street, 29<sup>th</sup> Floor, Boston, MA 02110, Attn: Davis R. Fulkerson.

**Item 18. Financial Information**

There are no financial conditions reasonably likely to impair CEP's ability to meet its contractual commitments to clients.