

INVESTMENT ADVISER BROCHURE

BUTTERFLY EQUITY LP

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This Investment Adviser Brochure (“Brochure”) provides information about the qualifications and business practices of Butterfly Equity LP (“Butterfly Equity” or the “Management Company”). If you have any questions about the contents of this Brochure, please contact us at (310) 409-4994. 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 authority.

Butterfly Equity is an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”). However, such registration does not imply a certain level of skill or training.

Additional information regarding Butterfly Equity is also available on the SEC’s website at www.adviserinfo.sec.gov.

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MATERIAL CHANGES

This is the annual amendment to this Brochure for the year ended December 31, 2019. This Brochure has been amended since the last amendment filed on July 16, 2019, to reflect updated regulatory assets under management in Item 4 and certain other changes and supplements to existing disclosures, such as those relating to Butterfly Equity's (defined below) advisory business and related potential conflicts of interest.

ADVISORY BUSINESS

Butterfly Equity LP ("**Butterfly Equity**" or the "**Management Company**"), a Delaware limited partnership, commenced operations in October 2015 and became a registered investment adviser with the United States Securities and Exchange Commission ("**SEC**") on July 27, 2018. Butterfly Equity LLC, a Delaware limited liability company, acts as the general partner of Butterfly Equity and is owned and controlled by Dustin Beck and Adam Waglay. Butterfly Equity is controlled by Dustin Beck and Adam Waglay, who are its principal owners.

Butterfly Equity and the General Partners (as defined below) and their respective affiliates (collectively, "**Butterfly**" or the "**Firm**") provide investment advisory services to investment funds privately offered to qualified investors in the United States and elsewhere.

Butterfly's clients include the following (each, a "**Fund**," and together with any future private investment fund to which Butterfly provides investment advisory services, the "**Funds**"):

- Butterfly Fund II, LP
- Butterfly Fund II-A, LP (together with Butterfly Fund II, LP, "**Fund II**")
- Large Blue Holdings BE LP ("**Fund I**")
- Butterfly Generis Co-Invest, L.P. ("**Generis Co-Invest**")
- Butterfly Fighter Co-Invest-A, L.P.
- Butterfly Fighter Co-Invest, L.P.
- Butterfly Fighter (GBV) Co-Invest, L.P.
- Butterfly Fighter (HK) Co-Invest, L.P.

Fund I is structured as a single purpose investment vehicle.

The following general partner entities are affiliated with Butterfly:

- Butterfly Capital II GP, LP (the "**Fund II GP**")
- Large Blue Holdings BE General Partner LP (the "**Fund I GP**")

- Butterfly Generis Co-Invest GP, LP (the “**Generis Co-Invest GP**”)
- Butterfly Fighter Co-Invest GP, L.P. (the “**Fighter Co-Invest GP**”), and together with Fund II GP, Fund I GP, Generis Go-Invest GP, Fighter Co-Invest GP and any future Butterfly general partner entities, the “**General Partners**” and each, a “**General Partner**”)

The Funds are private equity funds and invest through negotiated transactions in operating entities, generally referred to herein as “portfolio companies.” Butterfly’s investment advisory services to the Funds consist of identifying and evaluating investment opportunities, negotiating the terms of investments, managing and monitoring investments and achieving dispositions for such investments. Although investments are made predominantly in non-public companies, investments in public companies are permitted. From time to time, where such investments consist of portfolio companies, the senior principals or other personnel of Butterfly generally serve on such portfolio companies’ respective boards of directors or otherwise act to influence control over management of portfolio companies in which the Funds have invested.

Butterfly’s advisory services to the Funds are detailed in the applicable private placement memoranda or other offering documents (each, a “**Memorandum**”), investment management agreements, limited partnership or other operating agreements or governing documents (each, a “**Partnership Agreement**”) and are further described below under “Methods of Analysis, Investment Strategies and Risk of Loss.” Investors in the Funds participate in the overall investment program for the applicable Fund, but in certain circumstances are excused from a particular investment due to legal, regulatory or other agreed-upon circumstances pursuant to the relevant Partnership Agreement: such arrangements generally do not and will not create an adviser-client relationship between Butterfly and any investor. The Funds or the General Partners generally enter into side letters or other similar agreements (“**Side Letters**”) with certain investors that have the effect of establishing rights (including economic or other terms) under, or altering or supplementing the terms of, the relevant Partnership Agreement with respect to such investors.

Additionally, from time to time and as permitted by the relevant Partnership Agreement, Butterfly expects to provide (or agree to provide) co-investment opportunities (including the opportunity to participate in co-invest vehicles) to certain investors or other persons, including other sponsors, market participants, finders, consultants and other service providers, Butterfly’s personnel and/or certain other persons associated with Butterfly (e.g., a vehicle formed by Butterfly’s principals to co-invest alongside a particular Fund’s transactions). Such co-investments typically involve investment and disposal of interests in the applicable portfolio company at the same time and on the same terms as the Fund making the investment. However, from time to time, for strategic and other reasons, a co-investor or co-invest vehicle (including a co-investing Fund) purchases a portion of an investment from one or more Funds after such Funds have consummated their investment in the portfolio company (also known as a post-closing sell-down or transfer), which generally will have been funded through Fund investor capital contributions and/or use of a Fund credit facility. Any such purchase from a Fund by a co-investor or co-invest vehicle generally occurs shortly after the Fund’s completion of the investment to avoid any changes in valuation of the investment. Where appropriate, and in Butterfly’s sole discretion, Butterfly reserves the right to charge interest on the sale to the co-investor or co-invest vehicle (or otherwise equitably to adjust the sale price under certain conditions), and to seek reimbursement to the

relevant Fund for related costs. However, to the extent such amounts are not so charged or reimbursed, they generally will be borne by the relevant Fund.

As of December 31, 2019, Butterfly managed approximately \$1,024,804,543 of client assets on a discretionary basis.

FEES AND COMPENSATION

In general, Butterfly receives a management fee (“**Management Fee**”) and a carried interest in connection with advisory services. Butterfly receives additional compensation in connection with management and other services performed for portfolio companies of Funds and such additional compensation will offset in whole or in part the Management Fees otherwise payable to Butterfly Equity as disclosed in the applicable Fund’s Partnership Agreement. In addition, Butterfly receives compensation for management and other services performed in connection with the co-investments made in portfolio companies of the Funds, as set forth in the relevant Partnership Agreement(s) and/or Side Letters(s). Investors in a Fund also bear certain expenses.

Management Fees

Butterfly’s Management Fees are described in detail in the relevant Fund’s Partnership Agreement.

As set forth and more fully described in the Fund I Partnership Agreement, Butterfly is entitled to receive a contingent and deferred Management Fee from Fund I, which shall accrue until the final distribution of Fund I’s assets at a rate of 2.0% per annum on each Fund I investor’s (other than Affiliated Partners as defined in the Partnership Agreement for Fund I) commitment. For convenience, this fee is referred to as a Management Fee herein, although a different term is used to define such fee in the Fund I Partnership Agreement.

Fund II will pay Butterfly a Management Fee equal to 2.0% on an annual basis of aggregate Fund II investor capital commitments. Upon the occurrence of certain events as set forth in the Partnership Agreement, Fund II’s Management Fee will be reduced and will equal (i) the aggregate investment contributions of the Fund II investors, less (ii) the aggregate amount of such investment contributions with respect to the portion of each investment that has been disposed of or completely written-off.

As described in the Partnership Agreement of Fund II, the Fund II Management Fee will be reduced by an amount equal to 100% of the portion of portfolio company fees (“**Portfolio Company Fees**”) attributable to Fund II partners not designated as Affiliated Partners (as described in the Partnership Agreement of Fund II). Portfolio Company Fees include directors’ fees, financial consulting fees, advisory fees, transaction fees, and break-up fees with respect to Fund II investments that are, in each case, paid to Fund II’s General Partner. All Portfolio Company Fees that remain unapplied as of the winding-up and dissolution of Fund II shall be retained by Fund II’s General Partner, the Management Company or their respective partners, members, officers or employees; provided that, upon the final distribution of Fund II’s assets, the Management Company or its designated affiliates will rebate to any Fund II limited partner that has so elected in its subscription agreement or otherwise, an amount of the Management Fee equal

to the lesser of (1) such limited partner's pro rata share of any such unapplied Portfolio Company Fees and (2) the amount of the Management Fee previously paid by such limited partner.

As a matter of practice, Butterfly is typically paid fees of the type referred to in the preceding paragraphs from, on behalf of or with respect to co-investors in an investment. The receipt of such fees will not reduce the Management Fee payable by any Fund(s) that have also invested in such investment, and as a result a Fund will, in most cases, only benefit with respect to its allocable portion of any such fee and not the portion of any fee that relates to such co-investors or potential co-investors, which may be significant. Additionally, as further described below and in the applicable Memorandum and/or Partnership Agreement of each Fund, it is Butterfly's practice to retain certain senior advisors, consultants, "operating partners," "executives in residence" and/or similar persons ("**Operating Partners**") to provide services to (or with respect to) certain portfolio companies in which one or more Funds invest. Such Operating Partners generally receive compensation and other amounts described herein, but no such amounts offset or reduce the Management Fee.

Except as otherwise agreed, Fund I GP, Fund II GP, Generis Co-Invest GP, Fighter Co-Invest GP and investors who are affiliates, employees or other designees of the Fund I GP, Fund II GP, Generis Co-Invest GP and Fighter Co-Invest GP respectively, will not be subject to carried interest or the Management Fee.

It should be noted that any Fund launched by Butterfly after the date of this brochure may have materially different terms than those summarized above and any terms for any existing Fund may be amended from time to time.

Carried Interest

Butterfly's carried interest arrangements are described in detail in the relevant Fund's governing documents.

Butterfly will receive a carried interest with respect to Fund I equal to 20% of all realized profits, subject to an 8% preferred return, as more fully described in the Fund I Partnership Agreement.

Butterfly will receive a carried interest with respect to Fund II equal to 20% of all realized profits, subject to an 8% preferred return, as more fully described in the Fund II Partnership Agreement.

Other Information

Butterfly is permitted to exempt certain "affiliated partner" investors in the Funds from payment of all or a portion of Management Fees and/or carried interest, including Butterfly and any other person designated by Butterfly, such as "friends and family" of Butterfly or its personnel, or other investors meeting certain qualification requirements. Butterfly reserves the right to make any such exemption from fees and/or carried interest by a direct exemption, a rebate by Butterfly, or through other Funds which co-invest with a Fund. For example, in instances where a Butterfly professional (or an affiliated entity thereof) invests in a Fund, such professional (or such affiliated entity) generally will be exempt from payment of the Management Fee and carried interest with

respect to such Fund. Additionally, to the extent permitted by the relevant Partnership Agreement, Butterfly has the right to permit investors, affiliated with Butterfly or otherwise, to invest through the relevant General Partner or other vehicles that do not bear Management Fees or carried interest. Butterfly retains flexibility to structure its compensation from investors and expects in certain circumstances to agree to invoice an investor directly for Management Fees or other compensation, rather than deducting such amounts from the investor's capital account(s).

The Funds generally invest on a long-term basis. Accordingly, investment advisory and other fees are expected to be paid, except as otherwise described in the relevant Partnership Agreement, over the term of the relevant Fund, and investors generally are not permitted to withdraw or redeem interests in the Funds.

Principals or other current or former employees of Butterfly generally receive salaries and other compensation derived from, and in certain cases including a portion of, the Management Fee, carried interest or other compensation received by Butterfly.

In addition to the Management Fee and carried interest payable, each Fund bears certain expenses. As set forth more fully in the applicable Partnership Agreement of each Fund, a Fund generally bears all fees, costs, expenses, liabilities and obligations relating to the Fund's (and its subsidiaries' and intermediate entities') activities, investments and business to the extent not reimbursed by a portfolio company.

In addition to the Management Fee and carried interest, Fund II will pay all other costs and expenses relating to such Fund's activities, investments and business that are not reimbursed by portfolio companies (which reimbursements may be for travel (including, with respect to private or chartered air travel where necessary, reimbursement at the cost of first class commercial airfare) and any other expenses incurred in connection with such portfolio company), including: (i) all fees, costs, expenses, liabilities and obligations attributable to structuring, organizing, acquiring, financing, refinancing, managing, operating, holding, taking public or private, valuing, winding up, liquidating, dissolving and disposing of such Fund's investments (including follow-on investments and refinancings as well as registration expenses, commitment, real estate title, survey, brokerage, finders', custodial and other fees), (ii) legal, accounting, administration (third-party or otherwise), custodian, depository, auditing, insurance (including directors and officers and errors and omissions liability insurance), travel (including, where appropriate, the cost of chartering private aircraft at the cost of first class commercial airfare), litigation and indemnification costs and expenses, judgments and settlements, consulting, brokerage, finders', financing, appraisal, third-party valuation, filing, printing, title, transfer, registration and other fees and expenses (including fees, costs and expenses associated with the preparation and/or distribution of such Fund's financial statements, tax returns, tax estimates and Schedule K-1s or any other administrative, regulatory or other Fund-related or investment-related reporting or filing (including Form PF, any Fund-related filings or reports contemplated by the Alternative Investment Fund Managers Directive or any similar law, rule or regulation (including any law, rule or regulation resulting from the event that the United Kingdom ceases to be part of the European Union, and any administrative filing or other filings, and any other administrative fees and expenses resulting from such event) and such Fund's, its General Partner's and Butterfly UGP II, Ltd.'s (a Cayman Islands exempted company and general partner of the Fund II GP) registered office fees and filing fees in the Cayman Islands), (iii) costs and expenses of such Fund's advisory

board, (iv) all out-of-pocket fees, costs, expenses, liabilities and obligations relating to investment and disposition opportunities anticipated at any time for such Fund not consummated (including, without limitation, legal, accounting, auditing, insurance, travel, consulting (including consulting and retainer fees paid to any Operating Partner, consultants performing investment initiatives and other similar consultants), brokerage, finders', financing, appraisal, filing, printing, real estate title, survey, reverse breakup, termination and other fees and expenses (collectively, "**Broken Deal Expenses**") (including Broken Deal Expenses relating to transactions that have been offered to co-investors or for which a co-investment was believed necessary in order to consummate such transaction); (v) all out-of-pocket fees, costs and expenses in connection with the annual and other periodic (if any) meetings of the limited partners and any other conference or meeting with any limited partner(s), (vi) the costs and expenses of any lenders, investment banks and other financing sources, including interest on and fees and expenses arising out of all borrowings made by such Fund or Butterfly on behalf of such Fund; (vii) any taxes, fees and other governmental charges levied against such Fund (except to the extent that such Fund is reimbursed therefor or such tax, fee or charge is treated as having been distributed to Fund II's partners as set forth in its Partnership Agreement); (viii) costs and expenses that are classified as extraordinary expenses under GAAP; (ix) all fees, costs and expenses incurred in connection with the organization, management, operation and dissolution, liquidation and final winding up of any alternative investment vehicles; and (x) any activities with respect to protecting the confidential or non-public nature of any information or data.

Fund I will pay costs and expenses related to its operations as described in its Partnership Agreement. Specifically, Fund I will pay all costs, expenses, liabilities and obligations relating to its and/or its subsidiaries' activities, investments and business (to the extent not borne or reimbursed by a portfolio company), including (i) all costs, expenses, liabilities and obligations attributable to structuring, organizing, acquiring, managing, operating, holding, valuing, winding up, liquidating, dissolving and disposing of the Fund's investments (including interest and other expenses, in respect of money borrowed by the Fund or the Management Company or the Fund I GP on behalf of the Fund, registration expenses and brokerage, finders', custodial and other fees), (ii) legal, accounting, administration (third party or otherwise), custodian, depositary, auditing, insurance (including directors and officers and errors and omissions liability insurance), travel, litigation and indemnification costs and expenses, judgments and settlements, consulting (which may include Operating Partners, senior advisors or similar persons retained by Butterfly personnel in connection with the investment and disposition opportunities for the Fund and/or otherwise), finders', financing, appraisal, filing and other fees and expenses (including expenses associated with the preparation or distribution of the Fund's financial statements, tax returns and Schedule K-1s or any other administrative, regulatory or other Fund-related reporting or filing (including Form PF and any Fund-related filings or reports contemplated by the EU Alternative Investment Fund Managers Directive (2011/61/EU) or any similar law, rule or regulation), (iii) all costs, expenses, liabilities and obligations incurred by the Fund, the Fund I GP or any other Butterfly personnel relating to investment and disposition opportunities for the Fund not consummated (including legal, accounting, auditing, insurance, travel, consulting, finders', financing, appraisal, filing, printing, real estate title, survey and other fees and expenses), (iv) all out-of-pocket fees and expenses incurred by the Fund, the Fund I GP or any other Butterfly personnel in connection with meetings (if any) of the limited partners, (v) any taxes, fees and other governmental charges levied against the Fund, (vi) costs and expenses that are classified as extraordinary expenses under GAAP, (vii) all costs and expenses incurred in connection with the organization, management,

operation and dissolution, liquidation and final winding up of any alternative investment vehicles and any intermediate entities and (viii) all out-of-pocket and other expenses (including travel, printing, legal filing, capital raising and accounting fees and expenses) incurred in connection with organizing, forming, establishing, funding and starting-up the Fund, the Fund I GP and any parallel funds.

The Funds also bear expenses indirectly to the extent a portfolio company (or intermediate entity) pays expenses, including expenses of Butterfly, as well as their share of expenses (including, without limitation, rent, personnel costs and corporate expenses) relating to fund administrative and similar services performed by a Fund's subsidiaries or other entities maintained by a Fund, its General Partner or their respective affiliates in connection with certain local jurisdictions' requirement. Generally included in the expenses permitted to be borne by a Fund are the fees, costs, expenses, liabilities and obligations of legal counsel, consultants and/or other service providers to procure, develop, establish, review, revise, customize, upgrade and/or negotiate relationships relating to the foregoing items, which generally are expected to be significant. Excluded from Fund expenses are: administrative and overhead expenses of the General Partners incurred in connection with managing, originating and monitoring investments, including rent, utilities and other similar expenses specified in the relevant Partnership Agreement. In certain cases, these or similar expenses (and/or Portfolio Company Fees) are expected to be charged to portfolio companies, capitalized into the cost basis of a transaction or, to the extent necessary or desirable for operational, administrative, tax or other reasons, charged at the level of an intermediate holding company between the relevant Fund and the portfolio company. As is typical for private equity funds, the Funds likely bear additional and greater expenses, directly or indirectly, than many other pooled investment products, such as mutual funds, and there can be no assurance that the benefits to investors will be commensurate with such expenses. To the extent brokerage fees are incurred, they will be incurred in accordance with the general practices set forth in "Brokerage Practices."

In certain circumstances, one Fund is expected to pay an expense or obligation common to multiple Funds (including without limitation legal expenses for a transaction in which all such Funds participate, or other fees or expenses in connection with services the benefit of which are received by other Funds over time), and be reimbursed by the other Funds by their share of such expenses or obligations, without interest. While Butterfly believes such circumstances to be highly unlikely, it is possible that one of the other Funds could default on its obligation to reimburse the paying Fund. In certain circumstances, Butterfly, the relevant General Partner or an affiliate thereof is expected to advance amounts related to the foregoing and receive reimbursement from the Funds to which such expenses relate.

As described above, in certain circumstances, the relevant General Partner is expected to permit certain investors to co-invest in portfolio companies alongside one or more Funds, subject to Butterfly's related policies and the relevant Partnership Agreement(s) and/or Side Letter(s). Where a co-invest vehicle is formed, such entity generally will bear expenses related to its formation and operation, many of which are similar in nature to those borne by the Funds. In the event that a transaction in which a co-investment was planned, including a transaction for which a co-investment was believed necessary in order to consummate such transaction or would otherwise have been beneficial, in the judgment of the relevant General Partner, ultimately is not consummated, all expenses relating to such proposed transaction will be borne by the Fund(s), and

not by any potential co-investors, that were to have participated in such transaction. However, to the extent that such co-investors have already invested in a co-investment or other vehicle in connection with such transaction, such vehicle is expected to bear its share of such expenses.

Butterfly generally has discretion over whether to charge transaction fees, monitoring fees or other compensation to a portfolio company and, if so, the rate, timing and/or amount of such compensation, as well as to charge such amounts at varying levels in a portfolio company's holding or operating structure. In most circumstances, such compensation is not reviewed or approved by an independent third party. The receipt of such compensation generally will give rise to potential conflicts of interest between the Funds, on the one hand, and Butterfly and/or its affiliates on the other hand.

As described above, Butterfly permits certain investors to co-invest in portfolio companies alongside one or more Funds, subject to Butterfly's related policies and the relevant Partnership Agreement(s) and/or Side Letter(s). Where a co-invest vehicle is formed, such entity generally bears expenses related to its formation and operation, many of which are similar in nature to those borne by the Funds.

The foregoing list of expenses is not intended to be exhaustive and is qualified in its entirety by the applicable Partnership Agreement of each Fund.

Operating Partners

As further described herein and in the applicable Memorandum and/or Partnership Agreement of each Fund, Butterfly has engaged, and may in the future engage, Operating Partners in order to provide one or more Funds or certain current or prospective portfolio companies in which one or more Funds invest, with access to experienced professionals with expertise in specific areas, including operational matters. Such Operating Partners generally provide services in relation to the identification, acquisition, holding, improvement and disposition of portfolio companies, including operational aspects of such companies. In certain circumstances, these services also include serving in management or policy-making positions for portfolio companies. In addition to receiving retainer fees and incentive compensation paid by the Management Company (or certain of its affiliates), Operating Partners may be compensated by and receive fees, incentive equity or other stock awards from the portfolio companies for their services (which may include sitting on boards of directors of portfolio companies) to such portfolio companies (and reimbursed by such portfolio companies for certain out-of-pocket expenses incurred in connection with the provision of such services). To the extent Operating Partners provide services to Butterfly, Butterfly generally will bear the cost of any such services (and any such expenses) provided. The amount and structure of Operating Partner compensation may vary over time and from time to time, may include profits or equity interest in a portfolio company, incentive equity and stock awards, or other incentive-based compensation, and may be based on an hourly rate, a flat fee or any combination of any of the foregoing or other methodologies. As described above, no such amounts will offset or reduce the Management Fee. The use of Operating Partners subjects Butterfly to potential conflicts of interest, as discussed under "Conflicts of Interest," below.

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As described under “Fees and Compensation,” Butterfly receives a carried interest allocation on certain realized profits from the Funds. The existence of performance-based compensation has the potential to create an incentive for a General Partner to make more speculative investments on behalf of a Fund than it would otherwise make in the absence of such arrangement, although Butterfly generally considers performance-based compensation to better align its interests with those of its investors. Additionally, to the extent that Butterfly has Funds with varying carried interest terms and/or Butterfly personnel are assigned varying percentages of carried interest from the Funds, Butterfly and such personnel are subject to potential conflicts of interest in identifying investment opportunities as appropriate for Funds from which they are entitled to receive a higher carried interest percentage.

Butterfly seeks to address the potential for conflicts of interest in these matters with allocation practices that provide that transactions and investment opportunities will be allocated to the Funds in accordance with each Funds’ investment guidelines and governing agreements, as well as other factors that do not include the amount of performance-based compensation received by Butterfly or any personnel.

TYPES OF CLIENTS

Butterfly provides investment advice solely to its Fund clients, and references throughout this Brochure to “clients” and to Butterfly’s related duties to and practices on behalf of its clients and/or investors should be construed accordingly. The Funds generally include investment partnerships or other investment entities formed under domestic or foreign laws and operated as exempt investment pools under the Investment Company Act of 1940, as amended. The investors participating in the Funds generally include individuals, banks or thrift institutions, other investment entities, university endowments, sovereign wealth funds, family offices, pension and profit-sharing plans, trusts, estates or charitable organizations or other corporations or business entities and from time to time include, directly or indirectly, principals or other employees of Butterfly and members of their families, Operating Partners or other service providers retained by Butterfly.

The relevant General Partner also generally is permitted from time to time to establish Funds that are alternative investment vehicles in order to permit certain investors to participate in one or more particular investment opportunities in a manner desirable for legal, tax, regulatory or other similar reasons. Alternative investment vehicle sponsors generally have limited discretion to invest the assets of these vehicles independent of limitations or other procedures set forth in the organizational documents of such vehicles and the related Fund.

Investors are generally “accredited investors” within the meaning of Rule 501(a) under the Securities Act of 1933, as amended, and are generally either “qualified purchasers” within the meaning of Section 2(a)(51) under the Investment Company Act of 1940, as amended, or “qualified clients” within the meaning of Rule 205-3 under the Investment Advisers Act of 1940, as amended. Each Fund generally has a minimum investment amount for third-party investors as provided in such Fund’s Partnership Agreement. Butterfly generally is permitted to waive such

minimum investment amount, but generally will not permit an amount less than \$100,000 (or other amounts as specified by Cayman Islands law).

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

The following is a summary of the investment strategies and methods of analysis generally employed by Butterfly on behalf of the Funds and a summary of certain risks involved with the Firm's investment strategy and an investment in the Funds. More detailed descriptions of the Funds' investment strategies and methods of analysis and risks are included in the applicable Partnership Agreement and/or Memorandum of each Fund. There can be no assurance that Butterfly will achieve the investment objectives of any Fund and a loss of investment is possible.

General

Butterfly is a private investment firm focused on private equity investments in the North American food sector. Butterfly's focus on food spans the entire food value chain from "seed to fork" via four target verticals (the "**Target Industries**"): (i) Agriculture & Aquaculture; (ii) Food & Beverage Products; (iii) Food Distribution; and (iv) Foodservice. The Firm's investment advisory services consist of identifying and evaluating investment opportunities, negotiating investments, managing and monitoring investments and achieving dispositions for investments. Investments are predominantly of non-public companies although investments in public companies are permitted. Whenever possible, Butterfly seeks to make control investments in its portfolio companies. However, a minority position can be required or appropriate due to factors such as regulation, management alignment, size, and investment thesis. Butterfly will generally seek to be the lead or co-lead investor in its portfolio companies, but when required will look to assemble investor consortiums of like-minded partners that can help the Firm drive value.

Investment and Operating Strategy

Specialized Focus on Food. Butterfly believes food is an attractive sector for investment due in part to, in Butterfly's view, the sector's secular growth tailwinds, potential returns on capital, low cyclicity and volatility and significant operational improvement potential. Within the Target Industries, Butterfly has further identified eleven target subsectors that it believes to be attractive for investment based on an extensive set of criteria. These target subsectors include aquaculture, specialty inputs, high-value crops, functional products, healthy snacks, protein-rich foods, alternative distribution, natural & organic retailers, limited assortment retailers, healthy fast food and franchised concepts.

Deal Sourcing and Due Diligence. Butterfly believes that its specialized focus on food allows for efficient identification of food companies it believes are attractive for investment, and its extensive network and strategy allow for a differentiated approach to sourcing transactions. As further described in the applicable Memorandum, Butterfly applies a set of sector-level and company-level criteria to the broader food universe to identify companies it deems potentially attractive for investment. With those targets identified, Butterfly seeks to leverage its extensive network along with targeted outreach and proprietary inflow to source transaction opportunities.

Butterfly seeks to leverage its operations-driven approach to drive a deeper and more thorough diligence process relative to non-specialists seeking to invest in the space. To execute

the due diligence process, the Firm will utilize the expertise of its investment team and one or more of its Operating Partners in addition to its broader industry network. Where appropriate, the Firm will engage third party service providers to assist in due diligence, valuation and deal execution. The due diligence process is focused on verifying that the underlying fundamentals of each business are attractive and that the investment fits well within the Firm's targeted investment criteria. Each investment will be staffed by a deal team, the size and composition of which will depend on the specific opportunity. The deal team will be responsible for leading the internal review process, organizing resources and managing third party diligence providers. The deal team will take complete ownership for assessing a company's business model and operations, financial position, industry dynamics and management team.

Operations- Driven Approach to Value Creation. Butterfly approaches value creation with an operations-focused and technology-driven orientation, and is currently in the process of codifying a set of food sector-specific standard operating procedures referred to as "Cookbooks". These Cookbooks are designed to be implemented systematically by the management team and Butterfly's operations team at every portfolio company in order to potentially improve each company's overall competitive positioning, growth and profitability, and are designed to cross all functional areas, including strategy, sales and marketing, human resources, finance and operations. Cookbooks draw on the Butterfly team's collective experience as investors and operators in the food sector, which Butterfly expects to continue to evolve as a "living library" of standard operating procedures.

Risks of Investment

Each Fund and its investors bear the risk of loss that Butterfly's investment strategy entails. The risks involved with Butterfly's investment strategy and an investment in a Fund include, but are not limited to:

General Risks

Business Risks. Each Fund's investment portfolio may consist primarily of interests in privately-held assets and businesses in the Target Industries, including, without limitation, agriculture/aquaculture, food and beverage products, food distribution and foodservice. Operating results in a specified period will be difficult to predict. Such investments involve a high degree of business and financial risk that can result in substantial losses. In addition, generally, concentration in a single industry may involve risks greater than those generally associated with more diversified funds.

Concentration of Investments. The Funds will participate in a limited number of investments and intend to make most (if not all) of their investments in one industry or one industry segment or within a short period of time. As a result, a Fund's investment portfolio could become highly concentrated, and the performance of a few holdings or of a particular industry segment may substantially affect its aggregate return. Furthermore, to the extent that the capital raised is less than the targeted amount, a Fund may invest in fewer portfolio companies and thus be less diversified.

Investment in Junior Securities. The securities in which a Fund will invest may be among the most junior in a portfolio company's capital structure and, thus, subject to the greatest risk of loss. Generally, there will be no collateral to protect the Fund's investment once made.

Lack of Sufficient Investment Opportunities. The business of identifying, structuring and completing private equity transactions is highly competitive and involves a high degree of uncertainty. It is possible that a Fund will never be fully invested if enough sufficiently attractive investments are not identified. However, limited partners will be required to bear Management Fees through such Fund during the Fund's investment period based on the entire amount of the limited partners' commitments and other expenses as set forth in the relevant Partnership Agreement.

Dynamic Investment Strategy. While each General Partner generally intends to seek attractive returns for the Fund primarily through making private equity investments as described herein, such General Partner may pursue additional investment strategies and may modify or depart from its initial investment strategy, investment process and investment techniques as it determines appropriate. A General Partner may pursue investments outside of the industries and sectors in which its Fund has previously made investments or has internal operational experience.

Growth Equity Transactions. A Fund's strategy may include targeting growth-equity investments. While growth-equity investments offer the opportunity for significant capital gains, such investments may involve a higher degree of business and financial risk that can result in substantial or total loss. Growth-equity portfolio companies may operate at a loss or with substantial variations in operating results from period to period, and many will need substantial additional capital to support additional research and development activities or expansion, to achieve or maintain a competitive position, and/or to expand or develop management resources. Growth-equity portfolio companies may face intense competition, including from companies with greater financial resources, better brand recognition, more extensive development, marketing and service capabilities and a larger number of qualified managerial and technical personnel.

Illiquidity; Lack of Current Distributions. An investment in the Funds should be viewed as an illiquid investment. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. The return of capital and the realization of gains, if any, generally will occur only upon the partial or complete disposition of an investment. While an investment may be sold at any time, it is generally expected that this will not occur for a number of years after the initial investment. Before such time, there may be no current return on the investment. Furthermore, the expenses of operating a Fund (including the Management Fee payable to Butterfly) may exceed its income, thereby requiring that the difference be paid from the Fund's capital, including unfunded commitments.

Leveraged Investments. Each Fund may make use of leverage by incurring or having a portfolio company incur debt to finance a portion of its investment in a given portfolio company, including in respect of companies not rated by credit agencies. Leverage generally magnifies both a Fund's opportunities for gain and its risk of loss from a particular investment. The cost and availability of leverage is highly dependent on the state of the broader credit markets (and such credit markets may be impacted by regulatory restrictions and guidelines), which state is difficult to accurately forecast, and at times it may be difficult to obtain or maintain the desired degree of

leverage. The use of leverage by a Fund will also result in interest expense and other costs to the Fund that may not be covered by distributions made to such Fund or appreciation of its investments. The use of leverage also imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and may impair its ability to operate its business as desired and/or finance future operations and capital needs. The leveraged capital structure of portfolio companies will increase the exposure of a Fund's investments to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment or rising interest rates and could accelerate and magnify declines in the value of such Fund's investments in the leveraged portfolio companies in a down market. In the event any portfolio company cannot generate adequate cash flow to meet its debt service, a Fund may suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of such Fund. Furthermore, should the credit markets be limited or costly at the time a Fund determines that it is desirable to sell all or a part of a portfolio company, such Fund may not achieve an exit multiple or enterprise valuation consistent with its forecasts. Moreover, the companies in which such Fund will invest generally will not be rated by a credit rating agency.

Early-Stage and Start-Up Investments. A Fund may make investments in start-up and early-stage companies that have inherently greater risk than more established businesses. Accordingly, the growth of these companies may require significant time and effort resulting in a longer investment horizon than can be expected with lower risk investment alternatives. Such investments can experience failure or substantial declines in value at any stage. There is no assurance that such investments by the Fund will be successful.

Restricted Nature of Investment Positions. Generally, there will be no readily available market for a substantial number of each Fund's investments and hence, most of a Fund's investments will be difficult to value. Certain investments may be distributed in kind to the partners of a Fund and it may be difficult to liquidate the securities received at a price or within a time period that is determined to be ideal by such partners. After a distribution of securities is made to the partners, many partners may decide to liquidate such securities within a short period of time, which could have an adverse impact on the price of such securities. The price at which such securities may be sold by such partners may be lower than the value of such securities determined pursuant to the relevant Partnership Agreement, including the value used to determine the amount of carried interest available to Butterfly with respect to such investment.

Need for Follow-On Investments. Following its initial investment in a given portfolio company, a Fund may decide to provide additional funds to such portfolio company or may have the opportunity to increase its investment in a successful portfolio company (whether for opportunistic reasons, to fund the needs of the business, as an equity cure under applicable debt documents or for other reasons). There is no assurance that the Fund will make follow-on investments or that the Fund will have sufficient funds to make all or any of such investments. Any decision by the Fund not to make follow-on investments or its inability to make such investments may have a substantial negative effect on a portfolio company in need of such an investment (including an event of default under applicable debt documents in the event an equity cure cannot be made). Additionally, such failure to make such investments may result in a lost opportunity for the Fund to increase its participation in a successful portfolio company or the dilution of the Fund's ownership in a portfolio company if a third party invests in such portfolio company.

Non-U.S. Investments. A Fund may invest in portfolio companies that are organized or headquartered and/or have substantial sales or operations outside of the United States, its territories and possessions. Such investments may be subject to certain additional risks due, among other things, to potentially unsettled points of applicable governing law, the risks associated with fluctuating currency exchange rates and capital repatriation regulations (as such regulations may be given effect during the term of a Fund) and the application of complex U.S. and non-U.S. tax rules to cross border investments, possible imposition of non-U.S. taxes on a Fund and/or the partners with respect to such Fund's income, and possible non-U.S. tax return filing requirements for such Fund and/or the partners.

Additional risks of non-U.S. investments include: (a) economic dislocations in the host country; (b) less publicly available information; (c) less well-developed and/or more restrictive laws, regulations, regulatory institutions and judicial systems; (d) greater difficulty of enforcing legal rights in a non-U.S. jurisdiction; (e) civil disturbances; (f) government instability; and (g) nationalization and expropriation of private assets. Moreover, non-U.S. companies may not be subject to uniform accounting, auditing and financial reporting standards, practices and requirements comparable to those that apply to U.S. companies.

Risks Relating to Due Diligence of and Conduct at Portfolio Companies. Before making investments, the relevant General Partner will typically conduct due diligence that it deems reasonable and appropriate based on the facts and circumstances applicable to each investment. Due diligence may entail evaluation of important and complex business, financial, tax, accounting, environmental and legal issues. Outside consultants, legal advisors, accountants, investment banks and other third parties may be involved in the due diligence process to varying degrees depending on the type of investment. Such involvement may present a number of risks primarily relating to a General Partner's reduced control of the functions that are outsourced. When conducting due diligence and making an assessment regarding an investment, the relevant General Partner will rely on the resources available to it, including information provided by the target of an investment and, in some circumstances, third-party investigations. A General Partner's due diligence investigation with respect to any investment opportunity may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Moreover, a due diligence investigation will not necessarily result in any particular investment being successful. There can be no assurance that attempts to provide downside protection with respect to investments will achieve their desired effect and potential investors should regard an investment in a Fund as being speculative and having a high degree of risk.

Public Company Holdings. A Fund's investment portfolio may contain securities and debt issued by publicly held companies. Such investments may subject the Fund to risks that differ in type or degree from those involved with investments in privately held companies. Such risks include greater volatility in the evaluation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of the Fund to dispose of such securities and debt at certain times, increased likelihood of shareholder litigation and insider trading allegations against such companies' executives and board members, including Butterfly Equity's co-founders ("**Co-Founders**"), and increased costs associated with each of the aforementioned risks.

Non-Controlling Investments. The Funds may hold non-controlling interests in portfolio companies and, therefore, will have a limited ability to protect its Fund's position in such portfolio companies. The Funds may hold meaningful minority stakes in privately held companies and in some cases may have limited minority protection rights. In addition, during the process of exiting investments, a Fund at times may hold minority equity stakes of any size such as might occur if portfolio companies are taken public. As is the case with minority holdings in general, such minority stakes that a Fund may hold will have neither the control characteristics of majority stakes nor the valuation premiums accorded majority or controlling stakes. Where a Fund holds a minority stake, it may be more difficult for such Fund to liquidate its interests than it would be had such Fund owned a controlling interest in such company. Even if a Fund has contractual rights to seek liquidity of such Fund's minority interests in such companies, it may be very difficult to sell such interests or seek a sale of such company upon terms acceptable to such Fund, especially in cases where the interests of the other investors in such company have different business and investment objectives and goals.

Lack of Unilateral Control. Even if a Fund is the majority investor or controlling shareholder, as applicable, of a portfolio company, in certain circumstances it may not have unilateral control of the portfolio company. To the extent a Fund invests alongside third parties, such as institutional co-investors or private equity funds of other sponsors, or makes a minority investment (as discussed in more detail above), the relevant portfolio company may be controlled or influenced by persons who have economic or business interests, investment or operational goals, tax strategies or other considerations that differ from or are inconsistent with those of such Fund or its limited partners. Such third parties may be in a position to take action contrary to such Fund's business, tax or other interests, and such Fund may not be in a position to limit such contrary actions or otherwise protect the value of its investment.

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

Market Conditions. The capital markets have experienced great volatility and financial turmoil. Moreover, governmental measures undertaken in response to such turmoil (whether regulatory or financial in nature) may have a negative effect on market conditions. General fluctuations in the market prices of securities and economic conditions generally may reduce the availability of investment opportunities for a Fund and may affect such Fund's ability to make investments. Instability in the securities markets and economic conditions generally (including a

slow-down in economic growth and/or changes in interest rates or foreign exchange rates) may also increase the risks inherent in a Fund's investments and could have a negative impact on the performance and/or valuation of the portfolio companies. Each Fund's performance can be affected by deterioration in the capital markets and by market events, such as the onset of the credit crisis in the summer of 2007 or the downgrading of the credit rating of the U.S. in 2011, which, among other things, can impact the public market comparable earnings multiples used to value privately held portfolio companies and investors' risk-free rate of return. Movements in foreign exchange rates may adversely affect the value of investments in portfolio companies and a Fund's performance. Volatility and illiquidity in the financial sector may have an adverse effect on the ability of a Fund to sell and/or partially dispose of its portfolio company investments. Such adverse effects may include the requirement of a Fund to pay break-up, termination or other fees and expenses in the event such Fund is not able to close a transaction (whether due to the lenders' unwillingness to provide previously committed financing or otherwise) and/or the inability of such Fund to dispose of investments at prices that the General Partner believes reflect the fair value of such investments. The impact of market and other economic events may also affect a Fund's ability to raise funding to support its investment objective.

Projections. Projected operating results of a company in which a Fund invests normally will be based primarily on financial projections prepared by such company's management, with adjustments to such projections made by Butterfly in its discretion. In all cases, projections are only estimates of future results that are based upon information received from the company and third parties and assumptions made at the time the projections are developed. There can be no assurance that the results set forth in the projections will be attained, and actual results may be significantly different from the projections. Also, general economic factors, which are not predictable, can have a material impact on the reliability of projections.

Hedging Arrangements; Related Regulations. Each Fund's General Partner may (but is not obligated to) endeavor to manage the Fund's or any portfolio company's currency exposures, interest rate exposures or other exposures, using hedging techniques where available and appropriate. A Fund may incur costs related to such hedging arrangements, which may be undertaken in exchange-traded or over-the-counter ("OTC") contexts, including futures, forwards, swaps, options and other instruments. There can be no assurance that adequate hedging arrangements will be available on an economically viable basis or that such hedging arrangements will achieve the desired effect, and in some cases hedging arrangements may result in losses greater than if hedging had not been used. In some cases, particularly in OTC contexts, hedging arrangements will subject such Fund to the risk of a counterparty's inability or refusal to perform under a hedging contract, or the potential loss of assets held by a counterparty, custodian or intermediary in connection with such hedging. OTC contracts may expose the Fund to additional liquidity risks if such contracts cannot be adequately settled. Certain hedging arrangements may create for the Fund's General Partner and/or one of its affiliates an obligation to register with the U.S. Commodity Futures Trading Commission (the "CFTC") or other regulator or comply with an applicable exemption. Losses may result to the extent that the CFTC or other regulator imposes position limits or other regulatory requirements on such hedging arrangements, including under circumstances where the ability of a Fund or a portfolio company to hedge its exposures becomes limited by such requirements.

Unfunded Pension Liabilities of Portfolio Companies. Recent court decisions have found that, where an investment fund owns 80% or more (or under certain circumstances less than 80%) of a portfolio company, such fund (and any other 80%-owned portfolio companies of such fund) might be found liable for certain pension liabilities of such a portfolio company to the extent the portfolio company is unable to satisfy such liabilities. Although Butterfly intends to manage each Fund's investments to minimize any such exposure, a Fund may, from time to time, invest in a portfolio company that has unfunded pension fund liabilities, including structuring the investment in a manner where such Fund may own an 80% or greater interest in such a portfolio company. If such Fund (or other 80%-owned portfolio companies of such Fund) were deemed to be liable for such pension liabilities, this could have a material adverse effect on the operations of the Fund and the companies in which such Fund invests. This discussion is based on current court decisions, statute and regulations regarding control group liability under the Employee Retirement Income Security Act of 1974, as amended, as in effect as of the date of this Brochure, which may change in the future as the case law and guidance develops.

Valuation of Assets. There is not expected to be an actively traded market for most of the securities owned by either Fund. When estimating fair value, each Fund's General Partner will apply a methodology it determines to be appropriate based on accounting guidelines and the applicable nature, facts and circumstances of the respective investments. 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 ultimately may be sold. The exercise of discretion in valuation by the Fund's General Partner may give rise to conflicts of interest, including in connection with determining the amount and timing of distributions of carried interest and the calculation of Management Fees.

Cybersecurity Risks. Cybersecurity incidents and cyber-attacks have been occurring globally at a more frequent and severe level and will likely continue to increase in frequency in the future. Information and technology systems of the Firm, its service providers holding its financial or investor data, and its funds' respective portfolio companies may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. The Firm will seek to prevent and mitigate any such incidents, but there is no guarantee that it will be successful in such efforts. The failure of these systems for any reason could cause significant interruptions in the Firm's, the Funds', a service provider's and/or a portfolio company's respective operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). A cybersecurity incident could have numerous material adverse effects, including on the operations, liquidity and financial condition of the Funds. Cyber threats and/or incidents could cause financial costs from the theft of Fund assets (including proprietary information and intellectual property) as well as numerous unforeseen costs including, but not limited to: litigation costs, preventative and protective costs, remediation costs and costs associated with reputational damage.

Limited Access to Information. Limited partners' rights to information regarding a Fund, the relevant General Partner or Butterfly generally will be specified, and in many cases strictly limited, by

the Governing Documents. In particular, it is anticipated that the General Partner and its affiliates will obtain certain types of material information from or relating to a Fund's investments that will not be disclosed to limited partners because such disclosure is prohibited, including as a result of contractual, legal or similar obligations outside of Butterfly's control. Decisions by Butterfly or its affiliates to withhold information may have adverse consequences for limited partners in a variety of circumstances. For example, a limited partner that seeks to transfer its interest in a Fund may have difficulty in determining an appropriate price for such interest. Decisions to withhold information may also make it difficult for a limited partner to monitor Butterfly and its performance. Additionally, it is anticipated that limited partners that designate representatives to participate on a Fund's advisory board generally may, by virtue of such participation, have more or earlier information about a Fund and its investments in certain circumstances than other limited partners. Limited partners generally will bear the expenses of responding to disclosure requests, including in connection with state public records, similar freedom of information and other laws, whether or not the relevant Fund succeeds in asserting confidentiality for requested documents and other materials, and Butterfly reserves the right to withhold certain information from investors subject to such laws for reasons relating to Butterfly's public reputation, business strategy or other reasons.

Material Non-Public Information; Other Regulatory Restrictions. As a result of the operations of Butterfly and its affiliates, as well as in connection with officerships or directorships of Butterfly personnel, Butterfly frequently comes into possession of confidential or material non-public information. Therefore, Butterfly and its affiliates may have access to material, non-public information that may be relevant to an investment decision to be made by a Fund. Consequently, a Fund may be restricted from initiating a transaction or selling an investment which, if such information had not been known to it, may have been undertaken on account of applicable securities laws or Butterfly's internal policies. Due to these restrictions, a Fund may not be able to make an investment that it otherwise might have made or sell an investment that it otherwise might have sold. Similarly, anti-money laundering, anti-boycott and economic and trade sanction laws and regulations in the United States and other jurisdictions may prevent Butterfly or the Funds from entering into transactions with certain individuals or jurisdictions. The United States Department of the Treasury's Office of Foreign Assets Control ("OFAC") and other governmental bodies administer and enforce laws, regulations and other pronouncements that establish economic and trade sanctions on behalf of the United States. Among other things, these sanctions may prohibit transactions with or the provision of services to, certain individuals or portfolio companies owned or operated by such persons, or located in jurisdictions identified from time to time by OFAC. Additionally, antitrust laws in the United States and other jurisdictions give broad discretion to the U.S. Federal Trade Commission, the United States Department of Justice and other U.S. and non-U.S. regulators and governmental bodies to challenge, impose conditions on, or reject certain transactions. In certain circumstances, antitrust remedies relating to one Fund's acquisition of a portfolio company may require one or more other Funds to sell all or a portion of certain portfolio companies owned by them.

As a result of any of the foregoing, a Fund may be adversely affected because of Butterfly's inability or unwillingness to participate in transactions that may violate such laws or regulations, or by remedies imposed by any regulators or governmental bodies. Any such laws or regulations may make it difficult or may prevent a Fund from pursuing investment opportunities, require the sale of part or all of certain portfolio companies on a timeline or in a manner deemed undesirable by Butterfly or may limit the ability of one or more portfolio companies from conducting their

intended business in whole or in part. Consequently, there can be no assurance that any Fund will be able to participate in all potential investment opportunities that fall within its investment objectives.

Risks Related to the Food Sector

Food Industry Competition. Each Fund may invest in portfolio companies or projects in the food industry, which is highly competitive with respect to price and quality of food products, new product development, advertising levels and promotional initiatives, customer service, reputation, restaurant or store location and attractiveness and maintenance of properties. If consumer or dietary preferences change, or certain portfolio companies or projects in which a Fund invests are unable to compete successfully with other restaurants, retail food and beverage outlets or food and beverage distribution companies in new and existing markets, their respective business could be adversely affected. Companies in the Target Industries also face growing competition as a result of convergence in grocery, convenience, deli and restaurant services, including the offering by the grocery industry of convenient meals, including pizzas and entrees with side dishes. Competition from delivery aggregators and other food delivery services has also increased in recent years, particularly in urbanized areas. Increased competition could have an adverse effect on the sales, profitability or development plans, which could harm the financial condition and operating results of portfolio companies or projects in which a Fund invests. In addition, labor is a primary operating cost component of most companies in the Target Industries. Competition for qualified employees could also require Fund portfolio companies to pay higher wages to attract a sufficient number of employees, which could adversely impact their profit margins.

Changes in Laws and Regulations. The activities of portfolio companies in which a Fund invests may be highly regulated and subject to government oversight. Various laws and regulations govern food and beverage production, storage, distribution, sales and marketing, as well as licensing, trade, tax and environmental matters. Applicable governing bodies regularly issue new regulations and changes to existing regulations. The need to comply with new or revised regulations or their interpretation and application could materially and adversely affect the product sales, financial condition and operating results of portfolio companies or projects in which a Fund invests.

Food Safety and Food-Borne Illnesses. Each Fund may invest in portfolio companies or projects the systems of which may be vulnerable to food-borne illnesses, such as E. coli, hepatitis A, trichinosis and salmonella, as well as certain food safety issues such as food tampering, contamination and adulteration. Any report or publicity linking them to instances of food-borne illness or food safety issues could adversely affect brands and reputations as well as revenues and profits, and possibly lead to product liability claims, litigation and damages. If a customer becomes ill from food-borne illnesses or as a result of food safety issues, a portfolio company's operations may be temporarily closed or disrupted, which would decrease revenues. In addition, instances or allegations of food-borne illness or food safety issues, real or perceived, involving portfolio companies, competitors, suppliers or distributors (regardless of whether they use or have used those suppliers or distributors), or otherwise involving the types of food served by the portfolio companies, could result in negative publicity that could adversely affect their sales. The occurrence of food-borne illnesses or food safety issues could also adversely affect the price and availability

of affected ingredients, which could result in disruptions in their supply chain and/or lower margins.

Commodity, Labor and Operating Costs. An increase in certain commodity prices, such as food, supply and energy costs, could adversely affect the operating results of portfolio companies or projects in which a Fund invests. Certain operating expenses also include employee wages and benefits and insurance costs (including workers' compensation, general liability, property and health) which may increase over time. Such increases could result from government imposition of higher minimum wages or from general economic or competitive conditions, which could affect wage rates. In addition, significant increases in gasoline prices could result in the imposition of fuel surcharges by distributors. Any increase in the prices of the commodities used by certain companies or operating expenses they incur could adversely affect their profit margins. Because portfolio companies in which the Fund may invest and their franchisees may provide competitively priced food, their ability to pass along increased expenses to customers may be limited.

Changes in Economic Conditions. The results of operations for companies in the Target Industries are dependent upon discretionary spending by consumers, which may be affected by general economic conditions globally or in one or more of the markets they serve. Some of the factors that impact discretionary consumer spending include unemployment, disposable income, the price of gasoline, stock market performance and consumer confidence. These and other macroeconomic factors could have an adverse effect on the sales, profitability or development plans of the portfolio companies or projects in which a Fund invests, which could harm their financial condition and operating results.

Environmental Conditions. Crop disease, severe weather conditions, such as floods, droughts, windstorms and hurricanes, and natural disasters, such as earthquakes, may adversely affect the supply of food items, reduce sales volumes, increase unit production costs or prevent or impair the ability of certain portfolio companies in which the Fund invests to ship or receive products as planned. Severe weather conditions may occur with higher frequency or may be less predictable in the future due to the effects of climate change. Additionally, certain viruses, bacteria or parasites may cause diseases or other ailments to livestock, fish or other farmed animals which may have an adverse effect on such animals' survival, growth and welfare and result in reduced harvest weights and volumes, downgrading of products, claims from customers and increased costs incurred by applicable portfolio companies. Continued disease problems may also attract negative media attention and public concerns to applicable portfolio companies. When crop disease, animal disease, insect infestations, severe weather, earthquakes and other adverse environmental conditions destroy crops planted on or animals living on suppliers' farms or such portfolio companies from distributing such crops or animals on a timely basis, they may lose their investment in those crops or animals or their purchased supply costs may increase, which could have an adverse effect on the Fund.

Changes in Consumer Preferences. The food industry in general is subject to changing consumer trends, demands and preferences. Trends within the food industry change often, and failure to identify and react to changes in these trends could lead to, among other things, reduced

demand and price reductions for a Fund's portfolio companies and could have an adverse effect on their financial results.

Conflicts of Interest

Butterfly engages and expects to engage in a broad range of advisory and non-advisory activities, including investment activities for its own account and for the account of multiple Funds and investment vehicles, and providing transaction-related, legal, management and other services to Funds and portfolio companies. Butterfly will devote such time, personnel and internal resources as are necessary to conduct the business affairs of each Fund in an appropriate manner, as required by the relevant Partnership Agreement. In the ordinary course of Butterfly conducting its activities, the interests of a Fund likely will conflict with the interests of Butterfly, one or more other Funds, portfolio companies or their respective affiliates in certain circumstances. Certain of these conflicts of interest are discussed herein. As a general matter, Butterfly will determine all matters relating to structuring a Fund's transactions and operations using its best judgment considering all factors it deems relevant, but in its sole discretion, subject in certain cases to the required approvals by the relevant Fund's advisory board.

During the investment period of a Fund (as defined in the Fund's Memorandum or Partnership Agreement), all appropriate investment opportunities generally will be pursued through the Fund, subject to certain limited exceptions. Without limitation, Butterfly currently manages, and expects in the future to manage, several other investment vehicles and other investments similar to those in which a Fund will be investing, and expect to direct certain relevant investment opportunities or resources to those investment vehicles and investments. The Co-Founders and Butterfly's investment staff will continue to manage and monitor such investments until their realization. Such other investments that Butterfly or the Co-Founders expect from time to time to control or manage generally have the potential to compete with companies acquired by the Fund. Following the investment period of each Fund, the Co-Founders reserve the right to, and likely will focus their investment activities on other opportunities and areas unrelated to such Fund's investments.

From time to time, Butterfly Equity will be presented with investment opportunities that would be suitable not only for one Fund, but also for other Funds and other investment vehicles operated by advisory affiliates of Butterfly. Except as required by the relevant Partnership Agreement, Butterfly is not obligated to recommend any investment to any particular investment vehicle. In determining which investment vehicles should participate in such investment opportunities, Butterfly is subject to conflicts of interest among the investors in such investment vehicles.

Butterfly generally assesses whether an investment opportunity is appropriate for a Fund based on such Fund's Partnership Agreement, investment objectives, strategies, life cycle and structure. Once a determination is made that a Fund will invest in a particular opportunity, Butterfly will determine if the amount of such investment opportunity exceeds the amount that would be appropriate for such Fund and Butterfly reserves the right to offer any such excess to one or more potential co-investors, as determined by the Fund's Partnership Agreement, relevant side letters and Butterfly's procedures regarding allocation. Butterfly's procedures permit it to take into consideration a variety of factors in making such determinations, including but not limited to:

(i) expressed interest in co-investment opportunities; (ii) expertise of the prospective co-investor in the industry to which the investment opportunity relates; (iii) perceived ability to quickly execute on transactions; (iv) tax, regulatory, securities laws and/or other legal considerations (e.g., qualified purchaser or qualified institutional buyer status); (v) confidentiality concerns that may arise in connection with providing the prospective co-investor with specific information relating to the investment opportunity; (vi) Butterfly's perception of whether the investment opportunity may subject the prospective co-investor to legal, regulatory, accounting, reporting, or other burdens that make it less likely that the prospective co-investor would act upon the investment opportunity if offered or would impair Butterfly's ability to execute the relevant transaction in the desired time or on desired terms; (vii) size of the investment allocation and practicality of dividing it up among multiple co-investors; (viii) lender requirements; (ix) existence of a formal or informal strategic relationship with the prospective co-investor and (x) whether Butterfly believes that allocating investment opportunities to an investor or person will help establish, recognize, strengthen and/or cultivate relationships that have the potential to provide longer-term benefits to the Fund or Butterfly. Although Butterfly reserves the right to consider a prospective co-investor's willingness to invest in future Funds, such willingness will not be the sole determining factor considered by Butterfly in identifying co-investors.

Furthermore, Butterfly or its related persons expect to make decisions regarding whether and to whom to offer co-investment opportunities in consultation with other participants in the relevant transactions, such as a lender or co-sponsor. Co-investment opportunities typically will be offered to some and not to other Fund limited partners, and the consideration of the factors set forth above likely will result in certain investors receiving multiple opportunities to co-invest while others expressing interest in co-investments have the potential to receive none. When and to the extent that employees and related persons of Butterfly make capital investments in or alongside the Fund, Butterfly is subject to potentially conflicting interests in connection with these investments. There can be no assurance that a Fund's return from a transaction would be equal to and not less than that of another Fund participating in the same transaction or that it would be as favorable as it would have been had such conflict not existed.

Butterfly's allocation of investment opportunities among the persons and in the manner discussed herein often will not, result in proportional allocations among such persons, and such allocations likely will be more or less advantageous to some such persons relative to others. While Butterfly will allocate investment opportunities in a manner that it believes is fair and equitable to its clients under the circumstances over time and considering relevant factors, 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 have been if the potential conflicts of interest to which Butterfly expects to be subject, discussed herein, did not exist.

In the event that multiple Funds invest at the same, different or overlapping levels of a portfolio company's capital structure, Butterfly may be subject to conflicts of interest in determining the terms of each such investment and in giving advice and taking actions on behalf of a Fund versus another Fund during the course of each such investment. If a Fund enters into any indebtedness with another Fund on a joint and several basis, the relevant General Partners are each expected to enter into one or more agreements that provide each relevant Fund with a right of contribution, subrogation or reimbursement. In certain circumstances Funds are expected to be prohibited from exercising (or Butterfly may deem it appropriate to refrain from exercising) voting

or other rights in order to mitigate the relevant potential conflicts, notwithstanding the fact that the investment(s) of one Fund or the other may be subject to creditor claims regarding subordination of interests. In administering, or seeking to reinforce, these agreements, Butterfly expects to be subject to potential conflicts of interest, for example if a Fund has a reimbursement obligation and another Fund is seeking reimbursement or vice versa. Butterfly intends to mitigate any potential conflicts by structuring such agreements in a manner intended to cause each of the Funds to bear its proportionate share of the applicable indebtedness.

Potential conflicts are expected to arise when and to the extent a Fund makes investments in conjunction with an investment being made by another Fund, or if it were to invest in the securities of a company in which another Fund has already made an investment. A Fund may not, for example, invest through the same investment vehicles, have the same access to credit or employ the same hedging or investment strategies as other Funds. This likely will result in differences in price, terms, leverage and associated costs. Further, there can be no assurance that a Fund and the other Fund(s) or vehicle(s) with which it co-invests will exit such investment at the same time or on the same terms. Butterfly and its affiliates may from time to time express inconsistent views of commonly held investments or of market conditions more generally. There can be no assurance that the return on a Fund's investments will be the same as the returns obtained by other Funds or vehicles participating in a given transaction. Given the nature of the relevant conflicts there can be no assurance that any such conflict will be resolved in a manner that is beneficial to a Fund. In that regard, actions taken for one or more other Funds or may adversely affect a Fund.

Butterfly will allocate fees and expenses in accordance with the relevant Partnership Agreement and in a manner that it believes is fair and equitable under the circumstances over time and considering such factors as it deems relevant, but in any case in its sole discretion. In exercising such discretion, Butterfly expects to be faced with a variety of potential conflicts of interest.

As a general matter, expenses that apply to multiple Funds or co-investment vehicles typically will be allocated among the Funds and co-investment vehicles eligible to reimburse expenses of that kind. In all such cases, subject to applicable legal, contractual or similar restrictions, expense allocation decisions will generally be made by Butterfly using its best judgment, considering such factors as it deems relevant, but in its sole discretion. The allocations of such expenses will not always be proportional. The Funds and co-investment vehicles generally have different expense reimbursement terms, including with respect to Management Fee offsets, which is expected from time to time to result in one Fund bearing a different level of expenses from another Fund or co-investment vehicle with respect to the same investment.

A Butterfly co-investment vehicle generally will bear expenses related to its formation and operation, many of which are similar in nature to those borne by a Fund, although, from time to time, a Fund alongside which a co-investment vehicle is investing may bear such costs directly or indirectly. In the event that a transaction in which a co-investment was planned, including a transaction for which a co-investment was believed necessary in order to consummate such transaction or would otherwise be beneficial, in the judgment of the General Partner, ultimately is not consummated, all Broken Deal Expenses relating to such unconsummated transaction are likely to be borne entirely by such Fund, and not by any prospective co-investors, that were to have participated in such transaction. In many such cases no co-investment vehicle will have been formed at such time. However, to the extent that such co-investors have already invested in a co-

investment or other vehicle in connection with such transaction, such vehicle may bear its share of such Broken Deal Expenses.

As a result of a Fund's interests in portfolio companies, Butterfly typically has the right to appoint portfolio company board members, or to influence their appointment, and to determine or influence a determination of their compensation. From time to time, portfolio company board members approve compensation and/or other amounts payable to Butterfly. Such amounts will be in addition to any Management Fees or carried interest paid by the Fund.

Additionally, a portfolio company typically will reimburse Butterfly or service providers retained at Butterfly's discretion for expenses (including without limitation travel expenses) incurred by Butterfly or such service providers in connection with its performance of services for such portfolio company. This subjects Butterfly to conflicts of interest because a Fund generally does not have an interest or share in these reimbursements, and the amount of such reimbursements over time is expected to be substantial. Butterfly determines the amount of these reimbursements for such services in its own discretion, subject to its internal reimbursement policies and practices.

Butterfly generally exercises its discretion to recommend to a Fund or to a portfolio company thereof that it contract for services with certain service providers, and from time to time such service providers are expected to include: (i) Butterfly or a related person of Butterfly (including a portfolio company of a Fund), (ii) an entity with which Butterfly or its affiliates or current or former members of their personnel has a relationship or from which Butterfly or its affiliates or their personnel otherwise derives financial or other benefit including relationships with joint venturers or co-venturers, or relationships where Butterfly personnel are seconded, or from which Butterfly receives secondees; or (iii) certain limited partners or limited partners of other Funds or their respective affiliates. For example, Butterfly expects to be presented with opportunities to receive financing and/or other services in connection with a Fund's investments from certain limited partners or their affiliates that are engaged in lending or a related business. This discretion subjects Butterfly to conflicts of interest, because although Butterfly selects service providers that it believes are aligned with its operational strategies and will enhance portfolio company performance and, relatedly, returns of the relevant Fund, Butterfly has a potential incentive to recommend the related or other person (including a limited partner) because of its financial or other business interest. There is a possibility that Butterfly, because of such belief or for other reasons (including whether the use of such persons could establish, recognize, strengthen and/or cultivate relationships that have the potential to provide longer-term benefits to a Fund or Butterfly), would favor such retention or continuation even if a better price and/or quality of service could be obtained from another person. Although Butterfly generally seeks appropriate rates for services, it reserves the right to prioritize prior usage, perceived sector competence or expertise, familiarity, onboarding speed or other factors in retaining or recommending service providers. In certain circumstances where Butterfly commits or has committed to seek "market" or "arms-length" rates or terms, Butterfly will do so in its sole discretion, seeking rates that it has determined in its sole discretion to be reflective of the range of rates in the applicable or related markets. Consequently, Butterfly undertakes no minimum amount of benchmarking, and does not represent that any such benchmarking relates specifically to the assets or services to which such rates or terms relate. Whether or not Butterfly has a relationship or receives financial or other benefit from recommending a particular service provider, there can be no assurance that no other

service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

Although uncommon, Butterfly reserves the right from time to time Butterfly to cause a Fund to enter into a transaction whereby the Fund purchases securities from, or sells securities to, other Funds managed by Butterfly or co-investors or co-investment vehicles. Certain of such transactions raise potential conflicts of interest, including where the investment of one Fund supports the value of portfolio companies owned by another Fund. These conflicts are heightened to the extent the relevant securities are illiquid or do not have a readily ascertainable value, and there generally can be no assurance that the price at which such transactions are entered into represent what would ultimately be the underlying investment's fair value. To the extent required by the relevant Funds' limited partnership agreements or otherwise in the sole discretion of Butterfly, Butterfly reserves the right to seek to mitigate such conflicts by seeking the opinion of an unaffiliated third party (including the use of a consultant or investment banker to opine as to the fairness of a purchase or sale price) or by obtaining the consent of the relevant Fund(s) (including, where authorized, the consent of each Fund's advisory board) to such transactions. In certain circumstances, Butterfly reserves the right to determine that the willingness of a third party to make an investment on the same terms demonstrates the fairness of the relevant transaction to the Fund under then-current market conditions. Butterfly intends that any such transactions be conducted in a manner that it believes to be fair and equitable to each Fund under the circumstances, including a consideration of the potential present and future benefits with respect to each Fund.

Butterfly reserves the right to, employ personnel with pre-existing ownership interests in portfolio companies in which a Fund or other investment vehicles advised by Butterfly invest; conversely, former personnel or executives of Butterfly may from time to time serve in significant management roles at portfolio companies or service providers recommended by Butterfly. Similarly, Butterfly and/or Butterfly personnel maintain relationships with (and invest in) financial institutions, service providers and other market participants, including managers of private funds, banks and brokers. Certain of these persons or entities will invest (or will be affiliated with an investor) in, engage in transactions with and/or provide services (including services at reduced rates) to, Butterfly and/or its Funds. Butterfly expects to be subject to a potential conflict of interest with a Fund in recommending the retention or continuation of a third-party service provider to such Fund or a Fund portfolio company if such recommendation, for example, is motivated by a belief that the service provider or its affiliate(s) will continue to invest in such Fund or another Fund, will provide Butterfly information about markets and industries in which Butterfly operates (or is contemplating operations) or will provide other services that are beneficial to Butterfly or one or more other Funds. Butterfly expects to be subject to a potential conflict of interest in making such recommendations in that Butterfly has an incentive to maintain goodwill between it and the existing and prospective portfolio companies for each Fund, while the products or services recommended will not always necessarily be the best available to the portfolio companies held by such Fund.

Butterfly and its equity holders, officers, principals and employees reserve the right to buy or sell securities or other instruments that Butterfly has recommended to a Fund. In addition, officers, principals and employees reserve the right to buy securities in transactions offered to but rejected by a Fund. Such transactions will be subject to the policies and procedures, which are set

forth in Butterfly Equity's Code of Ethics. The investment policies, fee arrangements and other circumstances of these investments generally vary from those of a Fund. Employees and related persons of Butterfly have, and are expected to continue to have, capital investments in or alongside the Funds, or in prospective portfolio companies directly or indirectly, and therefore expect to have additional potential conflicting interests in connection with these investments.

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

In addition, as described above, portfolio companies typically pay certain fees to Operating Partners and other consultants (including consultants introduced or arranged by Butterfly that regularly provide services to one or more portfolio companies), and such fees do not offset or reduce the Management Fee as described herein. Operating Partners make use of Butterfly's resources or otherwise are associated with Butterfly. As described herein, Butterfly will compensate such persons. Investment opportunities, reimbursements and other compensation paid to an Operating Partner will not offset the Management Fee of any Fund as described herein. Although the use of Operating Partners and the allocation of compensation paid to them by Butterfly, its affiliates and/or the portfolio companies subjects Butterfly to potential conflicts of interest, Butterfly believes that such potential conflicts may be reduced to the extent that the services of the Operating Partner align with Butterfly's model for the portfolio company and improve portfolio company performance. Although Butterfly seeks to retain Operating Partners with a view to reducing costs to portfolio companies (and, ultimately, the Funds) and/or improving portfolio company performance, a number of factors may result in limited or no cost savings from such retention. Butterfly also seeks to reduce potential conflicts of interest resulting from such arrangements by structuring compensation packages for such persons in a manner that Butterfly believes will align such persons' interests with those of each Fund's limited partners. However, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

Because Butterfly's carried interest is based on a percentage of net realized profits, it may create an incentive for Butterfly to cause a Fund to make riskier or more speculative investments (or hold investments for longer periods) than would otherwise be the case. Also, because there is a fixed investment period after which capital from investors in a Fund may only be drawn down in limited circumstances and because Management Fees are, at certain times during the life of such Fund, based upon capital invested by such Fund, this fee structure creates an incentive to deploy capital when Butterfly might not otherwise have done so.

Butterfly has incentives to use or to recommend products or services of one portfolio company to another, which may involve fees, commissions, servicing payments or other compensation. Potential conflicts of interest arise in making such recommendations, as Butterfly has incentives to maintain goodwill between it and its former, existing and prospective portfolio companies, and as a result the products or services recommended will not always necessarily be the best or lowest cost option.

The Co-Founders created the Butterfly Equity Foundation (the “**Foundation**”), which is a 501(c)(3) non-profit with a mission to feed people who cannot afford to eat and promote access to nutritious food to underserved populations. In an effort to align the interests of Butterfly with the mission of the Foundation, Butterfly plans to contribute a meaningful portion of certain Fund’s General Partner’s net profits to the Foundation. Additionally, given that each General Partner will be providing the Foundation with a portion of its net profits, certain conflicts may arise. For instance, a General Partner may be more inclined to transact with counterparties (e.g., portfolio companies, services providers, etc.) that donate to the Foundation, or may transact on more counterparty-favorable terms with respect to such counterparties, in lieu of those that do not donate to the Foundation, or may otherwise agree to terms with such counterparties that take into account a donation to the Foundation.

DISCIPLINARY INFORMATION

Butterfly and its management persons have not been subject to any material legal or disciplinary events required to be discussed in this Brochure.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Butterfly Equity is affiliated with the General Partners subject to the Advisers Act pursuant to Butterfly Equity’s registration in accordance with SEC guidance. Butterfly Equity and the General Partners operate as a single advisory business and serve as managers or general partners of Funds and other pooled vehicles and generally share common owners, officers, partners, employees, consultants or persons occupying similar positions.

As noted in Items 4.B., 5.A. and 6, the General Partners are entitled to a performance-based fee. Each General Partner also commits capital to their respective Fund, and as a result every investment made by a Fund involves a purchase of securities whereby related persons of Butterfly indirectly acquire an indirect interest in such securities.

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

Butterfly Equity has adopted a Code of Ethics and Securities Trading Policy and Procedures (the “**Code**”), which sets forth standards of conduct that are expected of Butterfly principals and employees and addresses conflicts that arise from personal trading. The Code requires certain Butterfly personnel to report their personal securities transactions and prohibits Butterfly personnel from directly or indirectly acquiring beneficial ownership or disposing of certain securities, including in an initial public offering, without first obtaining approval from Butterfly Equity’s Chief Compliance Officer. In addition, the Code requires such personnel to comply with procedures designed to prevent the misuse of, or trading upon, material non-public information. A copy of the Code will be provided to any investor or prospective investor upon request to Nestor Olmo, Chief Compliance Officer, at (310) 409-4994. Personal securities transactions by employees who manage client accounts are required to be conducted in a manner that prioritizes the client’s interests in client eligible investments.

Butterfly comes into possession, from time to time, of material non-public or other confidential information about public companies which, if disclosed, might affect an investor’s

decision to buy, sell or hold a security. Under applicable law, Butterfly would be prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any person, regardless of whether such person is a client of Butterfly.

Accordingly, should Butterfly come into possession of material non-public or other confidential information with respect to public and non-public company, Butterfly generally would be prohibited from communicating such information to clients, and Butterfly will have no responsibility or liability for failing to disclose such information to clients as a result of following their policies and procedures designed to comply with applicable law. Similar restrictions would be applicable as a result of Butterfly Equity serving as directors of public companies and would restrict trading on behalf of clients, including a Fund.

Principals and employees of Butterfly generally are expected to directly or indirectly own an interest in one or more Funds, including certain co-invest vehicles. To the extent that co-invest vehicles exist, such vehicles are expected to invest in one or more of the same portfolio companies as a Fund. Co-invest opportunities generally are also expected to be presented to certain affiliates of Butterfly, as well as third party investors and other persons, and such co-investments may be effected through co-invest vehicles directly in a particular portfolio company or through an intermediate entity in a portfolio company's structure. Such co-investment opportunities generally will be allocated in the manner described under **"Methods of Analysis, Investment Strategies and Risk of Loss."**

Butterfly and its principals and employees expect from time to time to carry on investment activities for their own account, for personal or employee investment vehicles and, potentially for family members, friends or others who do not invest in a Fund, as well as give advice and recommend securities to vehicles which differs from advice given to, or securities recommended or bought for, any Fund, even though their investment objectives are the same or similar. The operative documents and investment programs of certain Funds generally restrict, limit or prohibit, in whole or subject to certain procedural requirements, investments of certain other vehicles in issuers held by such Funds or give priority with respect to investments to such Funds. Some of these restrictions could be waived by investors (or their representatives) in such Funds or be subject to limitations (e.g., by time or percentage of capital deployed).

From time to time, Butterfly reserves the right to borrow funds on behalf of a Fund and contribute such borrowed amounts to the relevant Fund as a special capital contribution for investment, to be redeemed at a later date. Interest in connection with such borrowing is borne by the relevant Fund as a Fund expense, consistent with its Partnership Agreement and the expense policy described under "Fees and Compensation." In borrowing on behalf of a Fund, Butterfly is subject to conflicts of interest between repaying its obligations and retaining such borrowed amounts for the benefit of the Fund. Butterfly will effect such consistent with a Fund's Governing Documents and borrowings in a manner it believes to be fair and equitable under the circumstances to the relevant Fund.

BROKERAGE PRACTICES

Butterfly focuses on securities transactions of private companies and generally purchases and sells such companies through privately-negotiated transactions in which the services of a

broker-dealer may be retained. However, Butterfly reserves the right to distribute securities to investors in a Fund or sell such securities, including through using a broker-dealer, such as where a public trading market exists. Although Butterfly does not intend to regularly engage in public securities transactions, to the extent it does so, it intends to follow the brokerage practices described below.

If Butterfly sells publicly traded securities for a Fund, it is responsible for directing orders to broker-dealers to effect securities transactions for accounts managed by Butterfly. In such event, Butterfly will seek to select brokers on the basis of best price and execution capability. In selecting a broker to execute client transactions, Butterfly reserves the right to consider a variety of factors, including: (i) execution capabilities with respect to the relevant type of order; (ii) commissions charged; (iii) the reputation of the firm being considered; (iv) responsiveness to requests for trade data and other financial information; and (v) other factors suggested by the SEC for determining best execution and set forth in the Butterfly Compliance Manual.

Butterfly has no duty or obligation to seek in advance competitive bidding for the most favorable commission rate applicable to any particular client transaction or to select any broker on the basis of its purported or “posted” commission rate, but will endeavor to be aware of the current level of the charges of eligible brokers and to reduce the expenses incurred for effecting client transactions to the extent consistent with the interests of such clients. Although Butterfly generally seeks competitive commission rates, it will not always pay the lowest commission or commission equivalent. Transactions that involve specialized services on the part of the broker involved often will entail higher commissions or their equivalents than would be the case with other transactions requiring more routine services.

Consistent with Butterfly seeking to obtain best execution, brokerage commissions on client transactions are permitted to be directed to brokers in recognition of research furnished by them, although Butterfly generally does not make use of such services at the current time and has not made use of such services since its inception. While Butterfly has not made use of “soft dollars” to date, to the extent Butterfly uses such “soft dollars” on behalf of the Funds, it will seek to do so within the safe harbor provided by Section 28(e) of the Securities Exchange Act of 1934, as amended.

Butterfly does not anticipate engaging in significant public securities transactions; however, to the extent that Butterfly engages in any such transactions, orders for purchase or sale of securities placed first will be executed first, and within a reasonable amount of time of order receipt. To the extent that orders for Funds are completed independently, Butterfly may also purchase or sell the same securities or instruments for several Funds simultaneously. From time to time, Butterfly may, but is not obligated to, purchase or sell securities for several client accounts at approximately the same time. Such orders are permitted to be combined or “batched” to facilitate obtaining best execution and/or to reduce brokerage commissions or other costs. Batched transactions are executed in a manner intended to ensure that no participating Fund of Butterfly is favored over any other Fund. When an aggregated order is filled in its entirety, each participating Fund generally will receive the average price obtained on all such purchases or sales made during such trading day. To the extent such orders are not batched, they would have the effect of increasing brokerage commissions or other costs.

When an aggregate order is partially filled, the securities purchased or sold will normally be allocated on a *pro rata* basis to each Fund participating in such buy or sell order in accordance with the amount of securities originally requested for such Funds.

Each Fund generally will receive the average price obtained on all such purchases or sales made during such trading day. Exceptions to *pro rata* allocations are permissible provided Butterfly believes they are fair and equitable to its clients under the circumstances over time.

In Butterfly's private company securities transactions on behalf of the Funds, Butterfly reserves the right to retain one or more broker-dealers or investment banks, the costs of which will be borne by the relevant Fund and/or its portfolio companies. In determining to retain such parties, Butterfly reserves the right to consider a variety of factors, including: (i) capabilities with respect to the type of transaction being contemplated; (ii) commissions or fees charged; (iii) reputation of the firm being considered; and (iv) responsiveness to requests for information. As a result, although Butterfly generally will seek reasonable rates for such services, the market for such services involves more subjective evaluations than public securities brokerage transactions, and the Funds will not always pay the lowest commission or fee for such services.

REVIEW OF ACCOUNTS

The investments made by the Funds are generally private, illiquid and long-term in nature. Accordingly, the review process is not directed toward a short-term decision to dispose of securities. However, Butterfly closely monitors companies in which the Funds invest, and the Chief Compliance Officer periodically checks to confirm that each Fund is maintained in accordance with its stated objectives.

Each Fund generally will provide to its limited partners (i) audited financial statements annually, (ii) unaudited financial statements, for the first three (3) quarters of each fiscal year, (iii) annual tax information necessary for each investor's tax returns, and (iv) descriptive investment information for each portfolio company periodically.

CLIENT REFERRALS AND OTHER COMPENSATION

Butterfly intend to provide certain business or consulting services to companies in a Fund's portfolio and expect to receive compensation from these companies in connection with such services. As described in the relevant Partnership Agreement, this compensation may, in many cases, offset a portion of the Management Fees paid by such Fund. However, in other cases (*e.g.*, reimbursements for out of pocket expenses directly related to a portfolio company), these fees may be in addition to Management Fees. *See* "Fees and Compensation."

Butterfly reserves the right from time to time, to enter into arrangements pursuant to which it compensates third parties for referrals that result in a potential investor becoming a limited partner in a Fund. Any fees payable to any such placement agents generally will be borne by Butterfly indirectly through an offset against the Management Fee under the Partnership Agreement, although related expenses incurred pursuant to the relevant placement agent or similar agreement, including but not limited to placement agent travel, meal and entertainment expenses, typically are borne by the relevant Fund(s). Pursuant to an agreement entered into by Butterfly and

UBS Securities LLC (“UBS”), Butterfly compensates UBS for acting as a placement agent with respect to Fund II.

CUSTODY

In accordance with Rule 206(4)-2 under the Advisers Act (“**Custody Rule**”), the Funds will be subject to an annual audit by an independent public accountant registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board (“PCAOB”) and audited financial statements of each Fund will be prepared in accordance with generally accepted accounting principles and distributed to investors within 120 days of the end of each Fund’s fiscal year. Investors should carefully review the audited financial statements of the Funds upon receipt, and should compare these statements to any account information provided by Butterfly.

As Butterfly’s investment program generally involves investments in certain privately offered securities, Butterfly Equity generally will be exempt from the requirement that securities be maintained with a “qualified custodian.” Butterfly anticipates that many of its investments will involve securities that are (i) acquired from the issuer in a transaction or chain of transactions not involving any public offering; (ii) uncertificated, and ownership thereof is recorded only on the books of the issuer or its transfer agent in the name of the client; and (iii) transferable only with prior consent of the issuer or holders of the issuer’s outstanding securities. To the extent that Butterfly holds any publicly traded securities or securities which are otherwise ineligible for an exemption from the qualified custodian requirement of the Custody Rule, Butterfly will maintain such securities with a qualified custodian in an account in the name of the client or in accounts that contain only funds and securities owned by the Funds, under Butterfly’s name as agent or trustee for the Funds.

Butterfly maintains custody of assets held in the name of one or more Funds with the following qualified custodian: First Republic Bank.

INVESTMENT DISCRETION

Butterfly has discretionary authority to manage investments on behalf of each Fund. As a general policy, Butterfly does not allow clients to place limitations on this authority. Pursuant to the terms of the relevant Partnership Agreement, however, Butterfly has entered, and expects to enter, into Side Letters with certain limited partners whereby the terms applicable to such limited partner’s investment in a Fund are altered or varied, including, in some cases, the right to opt-out of certain investments for legal, tax, regulatory or other similar reasons. Butterfly assumes this authority pursuant to the terms of the Partnership Agreement and powers of attorney executed by the limited partners of such Fund.

VOTING CLIENT SECURITIES

Butterfly Equity has adopted the Proxy Voting Policies and Procedures (the “**Proxy Policy**”) to address how it will vote proxies, as applicable, for its Funds’ portfolio investments. The Proxy Policy seeks to ensure that Butterfly votes proxies (or similar instruments) in the best interest of each Fund, including where there are material conflicts of interest in voting proxies. Butterfly generally believes its interests are aligned with those of each Fund’s investors, for example, through the principals’ beneficial ownership interests in such Fund and therefore will not

seek investor approval or direction when voting proxies. In the event that there is an actual or potential conflict of interest in voting proxies, the Proxy Policy provides that Butterfly may address the conflict using several alternatives, including by seeking the approval or concurrence of a Fund's advisory board on the proposed proxy vote or through other alternatives set forth in the Proxy Policy. Additionally, a Fund's advisory board is authorized to approve Butterfly's vote in a particular solicitation. Butterfly does not consider service on portfolio company boards by Butterfly personnel or Butterfly's receipt of management or other fees from portfolio companies to create a material conflict of interest in voting proxies with respect to such companies. In addition, the Proxy Policy sets forth certain specific proxy voting guidelines followed by Butterfly when voting proxies on behalf of a Fund. If you would like a copy of Butterfly's complete Proxy Policy or information regarding how Butterfly voted proxies for particular portfolio companies, please contact Nestor Olmo, Chief Compliance Officer, at (310) 409-4994, and it will be provided to you at no charge.

FINANCIAL INFORMATION

Butterfly Equity does not require prepayment of Management Fees six months or more in advance or have any other events requiring disclosure under this item of the Brochure.