

Item 1 - Cover Page

A.

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B. This Brochure provides information about the qualifications and business practices of Muller & Monroe Asset Management, LLC. If you have any questions about the contents of this Brochure, please contact us at 312.782.7771. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Muller & Monroe Asset Management, LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

C. Our registration with the SEC does not imply a certain level of skill or training.

Item 2 –Material Changes

Since the last amendment of our Form ADV on July 17, 2019, there have been no material changes to our Form ADV.

When there are changes to our policies or practices, or to disclosure relating to conflicts of interests since the last annual update of the Brochure, this summary of Material Changes will be provided to you along with an updated Brochure.

Part 2A of Form ADV: Firm Brochure

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Item 4 – Advisory Business

A. Description of Advisory Firm

Muller & Monroe Asset Management, LLC (M²) has been in business since July 9, 1999. André Rice is our President and serves on the Investment Committee along with Irwin C. Loud, III, Marcia Markowitz, Alfred Sharp and Rendel Solomon. André Rice launched the firm to form private equity funds-of-funds whose investors would be institutional (government and corporate) pension funds. As of March 20, 2019, we are located in Chicago, Illinois and have sixteen employees.

We are currently managing three core funds and five targeted investment mandate funds with total LP commitments of \$1.19B on behalf of eight public pension plans. Furthermore, M² manages two portfolio fund investments through a \$15M Legacy Fund separate account. Our core funds focus on investing with smaller lower middle market PE firms nationwide, diversified by industry, region, stage, and vintage year. Our targeted investment mandates are directed by our public pension fund LPs with specific allocations usually based on a combination of gender, ethnicity, or geography.

The core and targeted investment mandate funds-of-funds make up our eight advisory clients. All limited partner investors in the eight funds-of-funds we currently manage are public pension funds, with the exception of one LP interest sold on the secondary market. This interest was sold to three different international investors in Scotland and Australia.

Ownership of M²

The chart below summarizes the ownership of M²:

Owner Name	Ownership Percentage
Rice Group Ltd. (100% owned by André Rice)	29.70%
Irwin C. Loud, III	14.24%
Non-employee Investors	56.06%

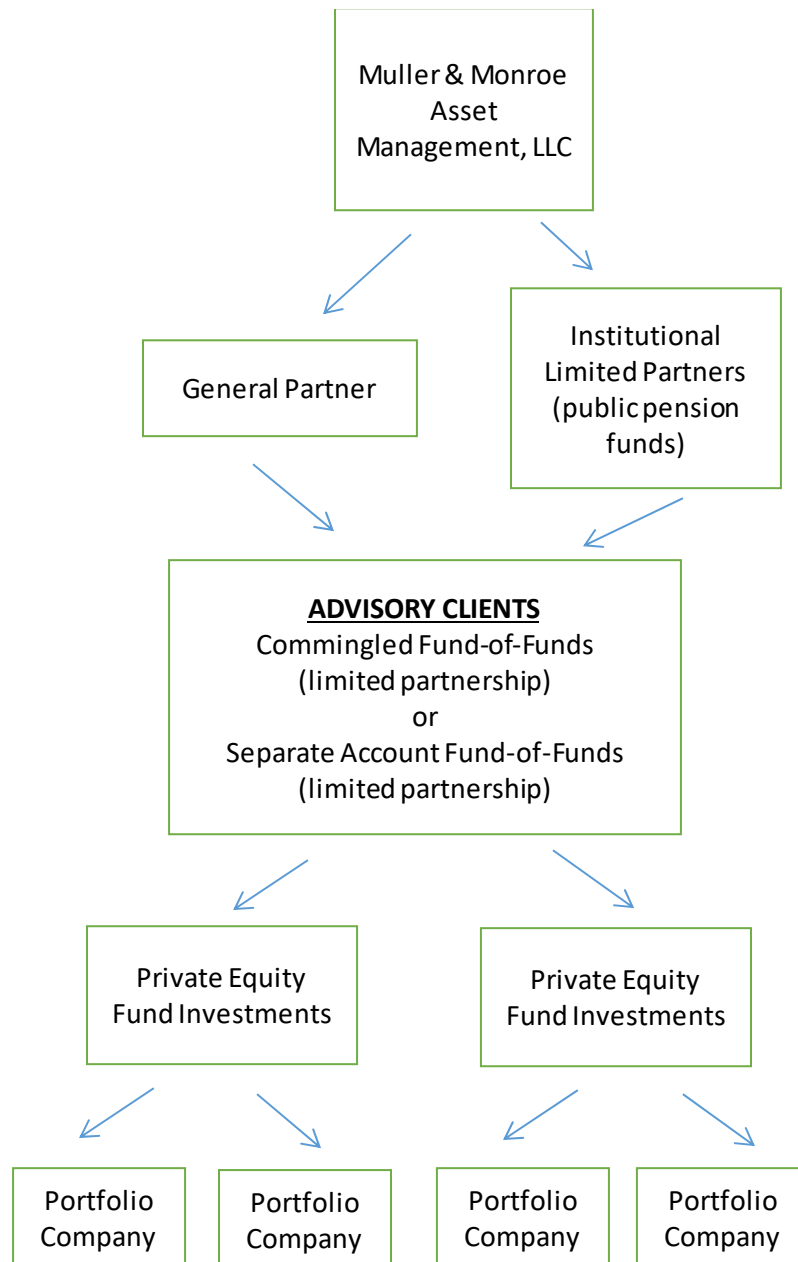
Investment Structure

The investment structure of each of our fund-of-funds clients shares certain common elements:

- 1) We invest in each fund-of-funds client alongside the limited partners by means of a general partner.

- 2) We usually commit 1% of the capital to a fund-of-funds investment while the limited partners commit 99% of the capital.
- 3) Each fund-of-funds entity is a limited partnership.

We do not manage these underlying portfolio funds or portfolio companies. Below is an illustration of the structure of a typical fund-of-funds client we would manage:



Investors in our Advisory Clients

Initial investors in our advisory clients have all been public pension funds. We may accept corporate pension funds and accredited investors as investors in our advisory clients in the future. As mentioned in Item 4.A., one public pension fund limited partner sold its investment in MPEFF LP on the secondary market to three international investors.

Pension funds typically invest in a private equity fund-of-funds because: 1) they have insufficient staff to do the necessary due diligence on private equity or growth equity funds and/or 2) their staff does not have the background and necessary relationships for sourcing and due diligence to invest independently in this asset class, and 3) they want the greater diversification provided by a fund-of-funds investment. When we are advising each of our private equity fund-of-funds, we develop a portfolio of investments that seeks to maximize returns to the fund's investors while minimizing risk through a rigorous investment process and portfolio diversification.

B. Advisory Services Offered

Our investment advisory services consist of 1) finding investment opportunities, 2) selecting investments on behalf of our clients---the limited partnership funds-of-funds, and 3) monitoring those investments throughout the terms of the underlying portfolio funds that sometimes extend beyond a decade.

With respect to one of our fund-of-funds clients, we replaced an existing general partner and agreed to manage that fund's investments that had been made at the time we replaced the general partner. We are not selecting additional investments for this fund. This fund holds limited partnership interests.

Investment opportunities come to us in several ways:

- 1) Unsolicited opportunities sent to us online or in hard copy
- 2) Referrals from limited partner investors and business contacts, including placement agents representing potential portfolio funds
- 3) Opportunities found through networking and various private equity data bases

Our investment selection process involves the following steps:

- 1) Initial screening of private equity investment opportunities
- 2) Preliminary due diligence on opportunities passing initial screen
- 3) Formal due diligence on opportunities that advance beyond preliminary due diligence
- 4) Legal negotiation of investments with successful formal due diligence
- 5) Closing and oversight of investments

Investment oversight for each investment consists of:

- 1) Participation on Limited Partnership Advisory Committee (LPAC)
- 2) Monthly to quarterly calls to discuss investment updates
- 3) Review of financial statements
- 4) Analysis of investment performance
- 5) Attendance at investment annual meeting
- 6) Back office administration of investment
- 7) Annual review of compliance with partnership terms and side letters
- 8) Work-out assistance, if needed

Other than with respect to the one separate account for which we only manage existing investments, we select investments on behalf of our clients, the limited partnership funds-of-funds. The result is that each limited partnership fund-of-funds we advise holds investments in other limited partnership private equity funds. It is these limited partnership private equity funds that make direct investments into portfolio companies.

Limitation on Types of Investments

We invest exclusively with emerging and specialized private equity managers. We *generally* define emerging managers as those managers that:

- 1) Have less than \$1 billion in assets under management,
- 2) Manage private equity funds with a size ranging from approximately \$100 million to \$500 million,
- 3) Are investing under a new platform, but are not new to investing, or
- 4) Are not well known in the institutional market place (i.e. not a “brand name” fund)

Two individuals who leave a larger private equity firm to form their own firm would be an example of experienced investors with a new platform. Banking, insurance, and royalty income are examples of investment areas of focus for specialty private equity managers.

C. Tailoring of Advisory Services to Advisory Clients

The advisory services we provide are to the client funds-of-funds. Therefore, the services provided are tailored to the needs of the limited partner investors in each fund-of-funds. Most of the details of the advisory services to be provided by us for each fund-of-funds are clearly stated in the limited partnership agreement or a side letter. Certain advisory services, which are more in the nature of back office administration, are clarified as the relationship with each limited partner investor develops.

A component of our advisory services is to respond to requests for information by the limited partners of the client, which includes requests by the limited partners' consultants. We routinely respond to limited partner requests to provide information in a specific format or to complete a form or provide a report specific to a limited partner. Examples of this would be to provide cash flows in a specific format to a consultant or to complete a compliance form for a specific limited partner of a client.

Our experience is that the nature of client limited partner service requests changes over the life span of the client fund-of-funds. The limited partners of the client may change consultants, and the new consultant may, subject to the terms of confidentiality agreements, request new information or old information in a new format. A change in the investment climate may trigger a request. Examples of such changes are the issue of gun control, changes in pay-to-play regulations, and international human rights issues. When limited partners of a client update their internal investment policies to respond to the external investment environment, they often make new requests of us as advisor to the client fund-of-funds.

Client restrictions on types of investments

Our clients may impose restrictions on investing in private equity funds that invest in certain securities or types of securities. The limited partnership agreement of the client along with investor side letters, if applicable, specify the criteria for investments we select for a given client. Examples of investment restrictions by a client may include:

- 1) Investment managers with less than \$1 billion in capital commitments under management
- 2) Investment stage (no early stage venture capital)
- 3) Geographic location (40-60% Midwest investments)
- 4) Industry (no real estate or oil & gas)
- 5) Demographic (50% of investments must be Minority or Women Business Enterprises)

D. We do not participate in a wrap fee program.

- E. All client assets are managed on a discretionary basis however separate accounts may require special approvals or veto rights by the underlying investor. As of December 31, 2019, we managed \$922,453,383 of client assets as follows:

Client	Assets Under Management
Core Fund-of-Funds 1	\$ 25,414,550
Core Fund-of-Funds 2	\$ 125,478,622
Core Fund-of-Funds 3	\$ 247,910,877
Targeted Investment Mandate Fund-of-Funds 1	\$ 74,614,351
Targeted Investment Mandate Fund-of-Funds 2	\$ 224,996,702
Targeted Investment Mandate Fund-of-Funds 3	\$ 103,249,910
Targeted Investment Mandate Fund-of-Funds 4	\$ 206,006,659
Targeted Investment Mandate Fund-of-Funds 5	\$ 50,178,270
Special Inherited Fund-of-Funds	\$ 6,854,763
Total	\$1,064,704,704

Item 5 – Fees and Compensation

A. Compensation for Advisory Services

Fees and compensation for each client are negotiated and specified in the limited partnership agreement of that client. Such fees and compensation may include asset based and flat advisory fees as well as a share of the profits based on performance.

B. Billing of Asset-based and Flat Fees

We generally bill (issue an invoice to) clients for our asset-based and flat advisory fees. We may deduct fees from commingled fund client assets prior to billing, but within the billing period. We would do this: 1) in the event the client has excess cash on hand, and 2) in order to draw our fees without causing the client to issue a separate capital call to the limited partner investors of the client. The bill for the fees would then be included as part of (netted against) the next distribution notice for that client. Here is an example of how this would work:

- 1) Client has received a distribution March 30th from an underlying portfolio fund
- 2) April 1st we deduct our management fee from client assets and issue an invoice
- 3) April 5th the client issues a distribution notice to its limited partner investors which nets the fees for April 1st against the underlying distribution from March 30th

We try to bundle calls for capital from or distribution notices to our clients' limited partners whenever possible. As advisor to our clients, we use our discretion in determining whether to bill clients for fees or deduct fees (as described in paragraph 5.D.) from client assets.

Billing of Performance-based Fees

We will receive any performance-based fees we earn by means of a distribution from our clients to the related general partner through which we invest. This is otherwise known as "carry".

- C. In addition to advisory fees, each client pays other fees and expenses as agreed upon in the limited partnership agreement of that client. Examples of these expenses are as follows:

- 1) Investment due diligence costs – legal, travel, and background check fees incurred for the purpose of evaluating investments for specific clients. These include costs incurred for due diligence on investments that are ultimately made as well as those that are abandoned in due diligence. If an investment is considered for more than one client, the related due diligence costs are shared pro-rata by those clients.
- 2) Auditing and accounting expenses – annual audit fee and tax return preparation fees for the client limited partnership.
- 3) Custodial fees – annual charges for custodial services for the client limited partnership.
- 4) Organizational costs – legal fees to put together the client’s offering documents and limited partnership agreement, negotiation of side letters for the admission of additional limited partners subsequent to the initial closing, travel related to the formation of the client limited partnership (typically travel to/from a limited partner’s place of business).
- 5) Legal fees – ongoing legal expenses related specifically to the client limited partnership. An example of such an expense would be an amendment to the current limited partnership agreement.

The client may incur brokerage and other transaction costs. Please see Item 12 of this brochure.

- D. Clients must pay asset-based and flat advisory fees quarterly in advance. We bill for fees on January 1, April 1, July 1, and October 1 of each year that advisory services are provided. Clients pay these fees by issuing a call for capital to their general and limited partner investors. The date clients pay the fees is determined by the capital call due date which is on or shortly after the billing date. One client, which is a targeted investment mandate, pays its quarterly fees in arrears.

If we cease to act as the advisor to any client, we will refund any unearned portion of fees paid in advance by the client. The amount of refund will be determined by multiplying the fee paid for the quarter by the fraction of the quarter remaining (days in quarter post termination of advisory contract/the number of days in the quarter).

- E. No partner or employee of Muller & Monroe Asset Management, LLC accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of securities or other investment products.

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

Clients with Performance-Based Fees

In addition to the asset based or fixed advisory fee, we may also receive fees based on a share of capital appreciation of the assets of our clients. We have control of, and an ownership interest in, the general partner of each client to whom we provide advisory services (see illustration in Item 4.A.).

These clients make distributions to the general partner and limited partners as funds are distributed from the clients' underlying investments. The order in which a client makes distributions, known as the distribution "waterfall", is unique to each client. The following is an example of the layering of distributions from clients:

- Return of capital for investments, expenses, and management fees
- Preferred return paid to limited partners
- Catch up to general partner
- Split of remaining distributions between general partner and limited partners

In *general*, we receive performance-based fees if all capital has been returned to all investors of a client and a "preferred return" is paid to the limited partners of the client. If a client distributes to one of our general partner entities amounts in excess of the capital invested, then portions of the distributions to the general partner entity will be considered capital appreciation on assets.

Conflicts of Interest: Flat Fee vs. Asset-Based Fee vs. Performance-Based Fee Clients

We do not believe there are any conflicts at the firm level in the management of our clients' accounts. All of our clients pay either (i) an asset-based fee or (ii) a flat fee *plus* have a performance-based fee. Therefore, the incentive to favor performance-based fee accounts over flat fee or asset-based fee accounts does not exist.

The calculation of the performance-based fees (i.e., the carried interest) is very similar for each client where we have been engaged to make investments on behalf of the client. Further, each client is similar in size and has a similar targeted performance rate. In addition, we often include some of the same investments in more than one client's portfolio as we deem appropriate for each client's investment strategy. We believe these factors provide an environment where there is no incentive to favor one client over another.

Our one client where we replaced the former general partner has the potential to pay a slightly different (and likely lower) performance fee than our other clients because we do not have an

interest in the underlying portfolio funds. In this case, we are monitoring the investments made by the previous general partner but are not selecting new investments for the fund. This client requires less intensive advisory services, however, and we believe the fee paid is appropriate for the services rendered.

The limited partnership or limited liability company agreements of each of the clients set forth the manner in which potential investments may be shared with other clients that we manage to the extent such clients have available commitments.

We issue to certain supervised employees incentive units for a share of the carried interest with respect to most clients. These incentive units are awarded based on employee service to the firm as a whole, reducing the likelihood that an employee would be inclined to favor one client account over another.

Ultimately, a conflict of interest towards serving our clients would only exist if we were insufficiently staffed. We believe that we are appropriately staffed to support all of our clients as provided for in each client's limited partnership or limited liability company agreement.

Item 7 – Types of Clients

Types of Clients

Our clients are limited partnerships that make private equity investments on behalf of limited partners. Each client invests in other private equity partnerships selected by us as appropriate for the client based upon the investment criteria outlined in the client's limited partnership agreement. We act as the investment manager to each client in exchange for fees and according to terms provided for in the client's limited partnership agreement and applicable side letters.

Account Requirements

We have several general requirements to establish a client fund:

First, we require minimum commitments of \$50 million to establish a client fund,

Second, we require a minimum commitment of \$3,000,000 by a limited partner investor or other qualified institutional investor in a client fund,

Third, we require the limited partner investors in a client fund to be either a public or corporate pension fund, and

Fourth, we require that any individual who invests in the client fund through our general partner entity be:

- a) Either an executive officer, director, general partner or person serving in similar role at M², or
- b) An employee of M² who, in connection with his or her regular duties, participates in M² investment activities.

It should be noted that although we require the limited partner investors in a client fund to be either a public or corporate pension fund, we do not have control over whom an institutional investor in a client fund sells its interest to on the secondary market. To date we have had one public pension fund in one client fund sell its limited partnership interest on a secondary market.

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

A. Methods of Analysis

We use a multi-step due diligence process as the foundation of our analysis of investment opportunities. Frequently we customize the due diligence in order to more adequately evaluate the opportunity. Our due diligence process includes the following steps:

- 1) Multiple meetings and interviews with key people at the prospective fund investment
- 2) Off-line reference checks of key people at the prospective fund investment
- 3) Analysis of historical financial return performance of those charged with management of the prospective fund and underlying portfolio company investments
- 4) Interviews with people relevant to the fund such as managers of limited liability companies and/or the boards of directors and principal officers of private companies. These meetings may be telephonic or in person.
- 5) Background and reference checks of key individuals at the prospective investment fund
- 6) Thorough evaluation and negotiation of the structure of the investment entity
- 7) Additional due diligence as needed at the recommendation of the investment team.
- 8) Evaluations by an industrial psychologist of key management individuals at a prospective fund investment (as needed for newer funds).

Extensive formal due diligence includes an assessment of the following:

- 1) **People:** We seek high integrity, hardworking investors with experience and skill sets matching the firm's strategy, as well as harmonious team dynamics.
- 2) **Strategy:** We look for strategies with well-formulated, attractive value propositions which are sustainable and benefit from the team's advantageous sourcing.
- 3) **Execution:** We require a sound organizational structure and institutional level decision making processes employed by the general partner including back office controls and disciplined investment processes.
- 4) **Alignment of Interests:** Interests between our fund, the general partner, and portfolio companies must be aligned to ensure appropriate incentives are in place to create value in the funds' investments.

Our investment strategies involve investing with emerging and specialty private equity managers focused on the lower middle market sector. We include the following type of funds in our target market:

- 1) spin-outs (i.e. organizations formed from teams that leave established investment organizations, and which will pursue similar strategies pursued by the original organization)

- 2) industry or regionally focused funds
- 3) specialty funds
- 4) funds created by low-profile private investors
- 5) funds partnering with successful family operating businesses
- 6) funds managed by minorities and women
- 7) first time funds

We do not invest client assets with inexperienced investment managers but may invest with first time fund organizations (i.e., experienced investment professionals/teams continuing a successful investment strategy in a new organization).

The construction of each client's portfolio of investments is dependent upon the size of the client (usually between \$100 and \$200 million) and any particular investment parameters negotiated as part of the client's limited partnership agreement. Typically, we would expect to make 10-12 investments on behalf of each advisory client with a range of \$5-\$20 million per commitment. The exact number and size of the investments in each client remains within our sole discretion unless otherwise negotiated as part of the limited partnership agreement.

We make investment decisions in constructing client portfolios with a goal of exceeding a private equity benchmark including one or more of the following:

1. industry benchmarks (i.e., vintage year analysis)
2. PME benchmark plus 300 basis points, or
3. other similar benchmarks negotiated between us and the limited partners of the client fund.

Performance for each client is evaluated at the end of the life of the limited partnership and measured relative to the benchmark evaluated over the life of the partnership. The benchmark may be modified to meet client needs.

IMPORTANT NOTE:

Investing in securities involves risk of loss that you should be prepared to bear. You should be aware that an investment in a private equity fund-of-funds involves a high degree of risk. There can be no assurance that the fund-of-fund's investment objective will be achieved or that a limited partner will receive a return of its capital.

B. Material Risks of Investment Strategy

There are a number of material risks associated with our investment strategy of which the client should be aware:

1. **No assurance that the investment strategy one of our fund-of-funds will be successful.** We have created, based on the prior experience of our firm members, a series of guidelines and an investment process for use in:

- a) evaluating a prospective investment in another private equity fund, and
- b) deciding how large an investment to make.

Nevertheless, we should point out the following:

- a) It is difficult to identify attractive investment opportunities with a high degree of certainty.
- b) There is no expectation that all investments will be profitable or that any profitable investment will produce significant returns.
- c) Market factors that contributed to positive private equity market performance in the past may cease exist or to have the same impact in the future.

For these reasons, there can be no assurance that our investment strategy will be successful or that our clients will avoid loss.

2. **Highly competitive market for investment opportunities.** The market to invest in emerging private equity funds is highly competitive for a number of reasons:

- a) Our fund-of-fund clients will compete with other active purchasers in identifying and closing on attractive private equity investments.
- b) A client may encounter private investment companies that are not open to new investors or that choose, for whatever reason, not to accept the fund-of fund's subscription.
- c) There is no certainty that we will be able to locate and complete investments that satisfy our client's rate of return objectives.
- d) There is no certainty that a client will be able to realize the values of investments it has made.
- e) There is no certainty that a client will be able to invest fully its committed capital.

For these reasons, there can be no assurance that we will be able to fully invest client commitments which is part of a successful investment strategy.

3. **Non-controlling investments.** A client is not likely to obtain a controlling interest in a private equity fund investment. If a client is dissatisfied with the performance or management of the investment, the client may have no choice

but to remain an investor until the investment terminates. Although we will monitor the performance of each investment, we may have limited opportunity to affect the operations, and therefore the profitability, of a fund in which the client invests.

4. **Illiquid, long-term investments.** A client's investments may periodically generate some current income. However, the client should view this as an illiquid, long-term investment and expect the following:
 - a) Any return of capital and realization of gains from an investment typically will occur only upon the partial or complete disposition of the investment, an event that is not expected to occur for a number of years after the investment is made.
 - b) There is likely to be no public market for the investments held by the client and a client generally will not be able to sell its investments unless such sale is registered under applicable securities laws or unless an exemption from such registration requirements is available.
 - c) In some cases, a client may be prohibited by contract from selling its investment holdings for a period of time.
5. **Leverage.** Our client's investments are expected to include interests in private equity funds whose managers will pursue a high leverage strategy over diverse economic periods through investments in companies whose capital structures may incorporate significant leverage. We will look for prudence in the use of leverage. However, the leveraged capital structure of such investments will magnify the exposure to adverse economic factors such as rising interest rates and downturns in the economy. Unless provided for in the limited partnership agreement, our clients do not undertake any leverage in support of the purchase of investments.
6. **Limited diversification.** We intend for each client to participate in a limited number of investments---perhaps as few as ten. Therefore, the aggregate return of the client may be substantially and adversely affected by the unfavorable performance of even a single investment.
7. **Non-U.S. investments.** We are unlikely to invest in private equity funds domiciled outside of the United States although a client private equity fund investment may invest in portfolio companies domiciled outside of the United States. If we do make non-U.S. investments, they will likely be a small portion of a client portfolio. Foreign securities involve certain risks not typically associated with investing in U.S. securities. These risks include:
 - a. currency exchange matters and costs associated with conversion of investment principal and income from one currency into another
 - b. differences between the U.S. and foreign securities markets, including:
 - i) potential price volatility in and relative illiquidity of some foreign

- securities markets, and ii) the absence of uniform accounting and financial reporting standards and disclosure requirements
- c. certain economic and political risks, including: i) potential restrictions on foreign investment, and ii) repatriation of capital and the risks of political, economic, or social instability
- d. possible imposition of foreign taxes on income and gains recognized with respect to such securities.

8. Control by Investments. A fund investment (alone, or together with other fund investments) may be deemed to have a controlling position with respect to some of the portfolio companies in which it invests. This could expose the fund to liabilities not normally associated with minority equity investments. Examples of such additional risks are liability for:

- environmental damage
- product defects
- failure to supervise management
- violation of governmental regulations
- other types of liability in which the general limited liability characteristics of business operations may be ignored.

C. Material Risk of Investing in Private Equity Emerging Managers

Please see the risks discussed in 8.B.

Item 9 – Disciplinary Information

Except as set forth below, neither M² nor any employee of M² has been named in a legal or disciplinary event that is material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

On March 13, 2009, iHealthCare, Inc., a debtor in a Chapter 11 bankruptcy case and the former owner of the equity interests of Heartland Memorial Hospital, LLC, a healthcare system located in Indiana ("Heartland Hospital"), commenced an action in the United States Bankruptcy Court for the Northern District of Indiana against certain individuals and Alfred Sharp, who had been involved in the acquisition and subsequent management of Heartland Hospital by Wright Capital Partners, alleging breaches of fiduciary duty and self-dealing in connection with the management of Heartland Hospital. Mr. Sharp was the interim Chief Financial Officer and later Chief Financial Officer at Heartland Hospital from 2005 through 2007. Additionally, the IRS sought to assess a penalty against former Heartland Hospital directors and officers, including Mr. Sharp, with respect to unpaid employee payroll taxes by Heartland Hospital. These parties to the Heartland Hospital litigation, Mr. Sharp, as well as the IRS, have entered into a settlement agreement and release with respect to the claims in the Heartland Hospital litigation and the related IRS assessments.

The events set forth above took place prior to Mr. Sharp's employment at M². Further, iHealthCare, Inc. was never a portfolio company of one of M²'s advisory clients.

Item 10 – Other Financial Industry Activities and Affiliations

- A. Wannamaker Pond, LLC, a wholly-owned subsidiary of our firm, had an application on file with the SEC to register as a broker-dealer. We chose not moved forward with the formation requirements and dissolved the entity effective March 21, 2018.
- B. Not applicable.
- C. Except as noted in C.2 and C.3, neither our firm nor any management person has a relationship with any related person in the categories below that would be material to our advisory business or to our clients:
- 1) Broker-dealer, municipal securities dealer, or government securities dealer or broker
 - 2) Investment Company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund”, or offshore fund). As we have discussed, M² invests as a General Partner in each of our clients. We believe this aligns our interests with those limited partners investing in the same clients. We do not recommend that our clients invest in any private equity funds in which we otherwise may have an interest.
 - 3) Other investment advisor or financial planner.
 - 4) Futures commission merchant, commodity pool operator, or commodity trading advisor
 - 5) Banking or thrift institution
 - 6) Accountant or accounting firm
 - 7) Lawyer or law firm
 - 8) Insurance company or agency
 - 9) Pension consultant
 - 10) Real estate broker or dealer
 - 11) Sponsor or syndicator of limited partnerships.
- D. We do not recommend or select other investment advisors for our clients, but we do select the General Partners.

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

A. Code of Ethics

We have adopted a Code of Ethics which applies to the firm and all supervised employees as required by Rule 204A-1 of the Investment Advisors Act. The Code establishes procedures designed: 1) to prevent members of our firm from breaching our fiduciary duty to clients, and 2) to address other situations that involve potential conflicts of interest.

Highlights of our Code of Ethics include:

- Trading prohibitions for personal accounts, including reference to our separate Insider Trading Policy
- Gift Policy (gifts given and received)
- Outside Service Policy
- Rules for reporting trading by partners/employees
- Confidentiality of all M² transactions
- Reporting Code violations by others
- Social Media Policy

Our Code of Ethics and Insider Trading Policies make clear to employees:

- that we have a fiduciary responsibility to our clients first, both as a firm and as individuals; and
- the meaning of material non-public information and the potential consequences of trading on or disseminating such information

We will provide a copy of our Code of Ethics to any client or prospective client limited partner investor upon request.

B-C-D See conflicts below:

Except with respect to the one direct investment by one of our separate accounts, we always invest in clients using a limited partnership structure, under which we have a general partner in the client (i.e., limited partnership). In this structure we may have a material financial interest in the client. However, we would never have an investment interest in an investee fund separate from the investment made by the client fund-of-funds.

Pre-Mature Disposition of a Client Investment

Most of our clients have agreed to permit their respective general partners, which are subsidiaries of M², to be paid a portion of the net proceeds of the disposition of any investment. We may have an incentive to dispose of a client investment prematurely, at a time when: 1) some gain is certain, and therefore 2) some payment to our subsidiary general partner is certain. The alternative would be to wait for further development and success of the investment, when the possibility of profit is jeopardized.

We, along with the general partners of each of the clients, are bound by fiduciary obligations to our clients to:

- a. maximize their opportunity for profit
- b. minimize their risk of loss, and
- c. elevate those considerations above their own financial interests as they perceive them

Our clients are investing in underlying partnerships where the general partners of such underlying funds determine when investments in portfolio companies are disposed of without explicit control or influence by us with respect to such disposition. In those cases where we control the disposition of investments, we believe that the structure of our client relationships is designed with an alignment of interests that encourages us to make decisions that are in the best interests of our clients. Our own money is at risk because we invest as the general partner of our advisory clients alongside our limited partner investors. Further, as explained in Item 6, our limited partner investors receive distribution payments ahead of us.

Investment Opportunities Allocated to More Than One Client

We will at times have to allocate investment opportunities that might be appropriate for more than one client between and among such clients. An example of this would be when the sponsor of a fund in which we wish to invest is unwilling to permit more than a fixed amount of additional investment:

An investment of \$7,000,000 is appropriate for Client A
An investment of \$6,000,000 is appropriate for Client B
Investment sponsor limits the combined investment to \$10,000,000

Pursuant to the terms of the limited partnership agreements of the clients, we will try to allocate investment opportunities proportionately between and among different clients when an investment opportunity is appropriate for both clients based on uncalled commitments. The allocation will be made in accordance with the respective funding commitments of those clients at the time of investment:

Client A commitments - \$100,000,000

Client B commitments - \$150,000,000

Investment sponsor investment limitation - \$10,000,000

Client A allocation - \$4,000,000

Client B allocation - \$6,000,000

There may be circumstances where we will allocate a capped investment to multiple funds on a basis other than funding commitments. In such cases, we may be tempted to allocate the opportunity to the client whose arrangements with its general partner and us provides the highest compensation, or opportunity to earn the most compensation.

We intend to construct client portfolios with the mix of investments that balance risk and reward and maximize probability of achieving the performance benchmark over the life of the client fund. Allocations to each client are made independently and based on the unique needs of each portfolio in conjunction with other investments in the portfolio.

We believe allocation issues will be less prevalent in the execution of our investment strategy due to our focus on emerging and specialty funds. Such funds are less known and unlikely to have allocation limitations that frequently occur under strategies focused on highly-sought brand name funds.

In circumstances where: 1) an investment is appropriate for more than one client fund, and 2) the allocation is insufficient to meet our desired allocation for each client, we may, pursuant to the terms of the limited partnership agreements of the clients: 1) allocate among all clients in proportion to committed capital of each client Fund to receive such allocation, or 2) use some other allocation we believe to be equitable and appropriate in consultation with affected parties (e.g., Advisory Boards, Limited Partners' Advisory Committee of Equity Fund Partnerships, Limited Partner in the case of separate accounts, or others).

Conflicts among Limited Partners in Client Funds

Limited partners that invest in our client funds may have conflicting investment, tax, and other interests with respect to their investment in such clients. The conflicting interests of individual Limited Partners may relate to or arise from, among other things:

- a. the nature of investments made by such client;
- b. the structuring or the acquisition of investments; or
- c. the timing of disposition of investments

As a consequence, conflicts of interest may arise in connection with decisions made by us, including with respect to the nature or structuring of investments that may be more beneficial for one Limited Partner than for another Limited Partner, especially with respect to limited partners' individual tax situations. In selecting and structuring investments appropriate for the client funds, and in consultation with tax professionals, we will consider the investment and tax objectives of each client as a whole and not the investment, tax, or other objectives of any limited partner.

Other Activities and Conflicts We Might Have

In addition to the existing client funds, we intend to form and manage multiple client funds and perhaps successor funds. The investment activities of the client funds (including separate accounts) managed by us may produce conflicts with each other. These conflicts could include:

- a. conflicts relative to the allocation of investment opportunities (as previously discussed)
- b. conflicts resulting from differences in the time, amount and terms of an investment by one client fund and another client fund or separate account in the same investment
- c. conflicts resulting from different objectives with respect to one client fund's private equity fund investment and another fund's or separate account's co-investment in a portfolio company in which the private equity fund may have or be making an investment

These types of conflicts could influence us and the general partner with respect to the making or disposition of the client's fund investment's holdings.

We might be tempted to devote more time to the affairs of one client over another, and to seek out opportunities for the higher-paying client in lieu of doing so for one or more other clients. Pursuant to our fiduciary duty to each client, we intend to allocate our time and energy fairly among all clients at all times without regard to compensation differences.

Investments by Our Non-Employee Investors

We have passive owners who are wealthy individual investors that actively invest in private equity (“Non-Employee Investors”). These Non-Employee Investors are not related to anyone at M². It is possible that a Non-Employee Investor may independently invest in client fund investment or fund investment Portfolio Company with or without our knowledge. A Non-Employee Investor may also make such an investment based on knowledge that we previously invested client funds in such private equity funds or fund investment portfolio companies.

We intend that our investment decisions on behalf of clients will be made independent of any knowledge of the investments of Non-Employee Investors, and that any such overlap will be coincidental and will not adversely affect client interests or our ability to protect such interests. All equity owners of M² active in the day to day management of the firm are subject to our Insider Trading Policy, which prohibits executives and employees from trading on the basis of confidential information in securities owned by us or any client fund.

We have adopted a Conflict Identification Policy. This Policy includes procedures that address possible investments with Non-Employee Investors. We will attempt to identify if Non-Employee Investors are already investors in the investments we make for client portfolios. However, our due diligence and decision making for client investments are made independent of coincidental co-investment with Non-Employee Investors.

Service on Limited Partner Advisory Committees

We sit on nearly all of our underlying portfolio funds’ limited partner advisory committees. Although the duties of a limited partner advisory committee vary depending upon the specific terms of the various portfolio funds’ limited partnership agreements, the limited partner advisory committees frequently approve either the general partner’s valuation of the fund’s portfolio companies or approve the portfolio fund’s valuation methodology. In almost all cases, our portfolio funds are required under generally accepted accounting principles to value their investments at fair market value. In those cases where the limited partner advisory committee has the right to approve a portfolio fund’s valuation, the limited

partner advisory committee could potentially influence the valuation of an underlying portfolio fund. As this is the case, the Adviser's representation on these advisory committees may result in a conflict of interest as it could tempt us to approve a valuation resulting in a higher valuation for the portfolio fund's investment and thus a higher valuation for our fund's investment in that portfolio fund.

Item 12 – Brokerage Practices

A. Factors for Selecting/Recommending Broker-Dealers for Client Transactions

We are subject to investment limitations outlined in the Limited Partnership Agreement of each Client Fund. Since we make private equity investments for client portfolios, we do not expect to use broker dealers for purchases of securities; however, we may select and use broker-dealers to execute transactions for client portfolios if necessary, to liquidate public securities held in a portfolio. Such transactions would typically consist of portfolio securities in companies: 1) that went public during the life of a Client Fund and 2) in which the client's portfolio received distributed public securities instead of cash. In such situations, we will typically convert the securities to cash as soon as practicable and distribute the proceeds to client investors in the Client Fund. We will seek to obtain best execution in the event we have this type of transaction in the future. We do not receive research or other products or services in connection with these transactions.

- B. We have made in the past and will continue to make from time to time in the future the same private equity investment on behalf of more than one client fund. This situation occurs when we find a private equity fund investment that we consider suitable for more than one client portfolio. Each client's limited partnership agreement provides for the manner in which an investment will be shared between more than one client fund. Usually the allocation is based on the relative size of each client fund (committed capital) but may take into account other factors.

Item 13 – Review of Accounts

A. Review of Client Accounts

We perform different review steps of client accounts on a weekly, monthly, quarterly, and periodic basis. The investment team performs reviews of accounts pursuant to the process outlined in this section ("Active Oversight Process").

Weekly - The investment team has weekly investment meetings that address all aspects of the investment process including the following:

- 1) administrative issues
- 2) Portfolio Fund (private equity or venture capital funds we have invested in) actions (e.g., annual meetings, period update calls, periodic reporting (quarterly and annually))
- 3) Advisory Committee (limited partner committees at Investee Funds) duties (e.g., conflicts of interest, valuations, special governance approvals, etc. as mandated in Investee Fund partnership agreements)
- 4) prospective investments currently being negotiated
- 5) prospective investments in the active due diligence stage
- 6) prospective investments in the screening and preliminary due diligence stages

Quarterly - The investment team conducts quarterly calls with private equity funds in which we have invested on behalf of our clients during their investment period and, unless the fund is underperforming, in most cases on a quarterly basis thereafter. The purpose of these calls is to ensure that the status of each fund investment is adequately evaluated and monitored. We inquire about each individual portfolio company at each private equity fund in which one of our clients has an investment, as well as about deal flow, overall pricing and other market dynamics the fund is encountering. These conversations are then shared with the rest of the investment team at the weekly investment meeting, as necessary.

Semi-annually - The investment team holds a portfolio review meeting on a semi-annual basis. The lead investment officer for each private equity fund investment in the client portfolio reports on the investment and makes recommendations for actions to be taken, if any.

Periodic – Annual Meetings of private equity fund investments of each client are attended by the lead investment officer for that investment or by another member of the investment team. In addition, a member of the investment team attempts to meet annually with a key member of each client fund investment on an informal basis. This is an opportunity for us

to have a one-on-one, in person conversation with a key investment professional in addition to the conversations we have at the more public annual meeting. We have also hosted the annual Back Office Exchange, to which many of our fund investments send their CFO (or other back office position), in order to maintain a more personal relationship and share best practices with the back-office person at each of our portfolio funds.

Supervised Review Persons

Our investment team is made up of (i) Irwin Loud, Chief Investment Officer, (ii) Marcia Markowitz, Managing Director, (iii) Alfred Sharp, Managing Director, (iv) Rendel Solomon, Managing Director, (v) Alex Moritz, Senior Associate and (vi) Kelly Moltzen, Deal Flow Coordinator. Anthony Nanni, Director of Finance and Controller, and Shannon Warland, Chief Compliance Officer, also assist the investment team. The team collaboratively participates in our Active Oversight Process, which includes our review of client accounts. All of the members of the investment team contribute to the periodic review of client accounts. Mr. Rice provides overall supervision of our entire investment team.

B. Client accounts would be reviewed on an exceptional basis if an extenuating circumstance were to occur such as:

- 1) A client investment is put on a “watch” list, for reasons described below
- 2) A limited partner investor of a client requests a special analysis of the client fund

Under the above circumstances, the investment team makes the determination that an alternative analysis and monitoring scenario is appropriate.

We place an investment on a watch list for a number of reasons, which may include:

- 1) Organization issues (key man event, high turnover)
- 2) Performance issues
- 3) Slow deployment of capital

C. We provide each client with a year-end audit report prepared by our external auditors, RSM US, LLP. We prepare for our clients on a quarterly basis a written report which includes the following:

- 1) Letter to Limited Partners
- 2) Financial Statements (Q1-3 unaudited; Q4 audited)
- 3) Portfolio Summaries
- 4) Partners’ Capital Allocations
- 5) Portfolio Fund Profiles

Item 14 – Client Referrals and Compensation

- A. No one who is not a client provides to us any economic benefit for providing investment advice or other advisory services to our clients.
- B. We do not have arrangements for client referrals. Subject to applicable laws, regulations, and policies, we may enter into an agreement to pay a “finder’s fee” to someone who introduces a large institutional investor to us as a potential investor in a client co-mingled fund-of-funds or engages us to create a separate client account fund-of-funds. We would pay this fee from our own funds.

We would expect compensation for this type of an arrangement to be substantially as follows:

- 1) We would pay a fee of 1% of assets committed by investors introduced by the finder
- 2) The 1% placement fees would be payable in three installments:
 - a) after the first capital call for investment and/or management fee purposes, in which introduced investor participates
 - b) at the one year anniversary of the first payment
 - c) at the two year anniversary of the first payment

In the event an investor would not fulfill its commitment to the client fund, we would not be obligated to pay any remaining finder’s fees.

We will at all times comply with Rule 206(4)-3 of the Act. We will not engage any firm or individual for introduction to potential investors in client funds unless that firm or individual:

- 1) has completed any required registration as an investment advisor and/or a broker/dealer under the applicable laws and regulations of any state or federal regulatory authority, or
- 2) has complied with all other applicable legal requirements

Item 15 – Custody

We do have custody of client funds and securities. A qualified custodian provides monthly on-line statements to M² as the manager via access to the custodian's website. We carefully review statements received from the qualified custodian by comparing the account statements prepared by us with those prepared by the qualified custodian.

We provide annual audit reports and quarterly reports to the limited partner investors in our clients.

Item 16 – Investment Discretion

We do accept discretionary authority to manage securities accounts on behalf of clients. Investment limitations placed upon us by our clients are dictated by the client's limited partnership agreement. As part of our closing set of documents for any client fund, we execute a management agreement to manage the securities account on behalf of each client in accordance with that client's limited partnership agreement.

Item 17 – Voting Client Securities

Other than one direct portfolio company investment held by one of our separate account clients, our clients hold limited partnership interests of portfolio funds. Holders of these interests generally form an advisory committee, of which M² is usually a member. Voting situations occur when: 1) all limited partners or 2) the advisory committee only, is required to vote specific issues covered by the limited partnership agreement.

In the event we are required to vote client securities, the issue to be voted on is discussed at the weekly investment team meeting. The outcome of this discussion---our voting position---is documented in the investment files. Under the Limited Partnership Agreement M² has full discretion and authority to vote on these matters on behalf of the clients.

M² has a conflicts of interest policy that is designed to address the rare circumstances in which a potential conflict may arise. In some cases, client investments will require a vote approving the valuation of underlying securities. In others, client investments require the advisory committee to approve valuation methodologies or the committee has the right to object to the valuations of the underlying investment managers. M², in voting on behalf of clients, is only one of several advisory board members making the determination. While there is the remote possibility that M² could influence such valuation with votes in our own best interest, we believe that the risk of such a conflict is extremely rare or non-existent. In most cases, the advisory committee acts in concert on behalf of client interests and is rarely influenced by the personal interests of the managers of the clients, such as M². Further, as a general partner in each client, M² has interests that are fully aligned with the limited partners because, by the compensation structure, they should all benefit from a successful investment.

Clients authorize us to vote all proxies solicited by or with respect to the issuers of securities in which assets of the client's account may be invested from time to time. We have adopted "Proxy Voting Policies" pursuant to Rule 206(4)-6 under the Investment Advisers Act, a copy of which is available to clients upon request. We will vote any proxy or other beneficial interest in an equity security prudently and solely in the best long-term economic interest of advisory clients and their beneficiaries, considering all relevant factors and without undue influence from individuals or groups who may have an economic interest in the outcome of a proxy vote. Clients may obtain a record of our proxy votes free of charge by writing to us at the address provided at Item 1.

Item 18 – Financial Information

- A. We do not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.
- B. We have discretionary authority and custody of client funds.
- C. We have not been the subject of a bankruptcy petition at any time during the life of our firm.