

**Form ADV Part II - A
Brochure Cover Page**



Siguler Guff Advisers, LLC
SEC File No. 801 - 49482

200 Park Avenue, 23rd Floor
New York, NY 10166
Phone: (212) 332 - 5100

Email: compliance@sigulerguff.com
Website: www.sigulerguff.com

May 2020

This brochure provides information about the qualifications and business practices of Siguler Guff Advisers, LLC. If you have any questions about the contents of this brochure, please contact us at compliance@sigulerguff.com. 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 Siguler Guff Advisers, LLC is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 - Material Changes

This brochure is an interim amendment to the prior brochure from March 2020. Item 5, Fees and Compensation, was updated to reflect changes in the Firm's expense allocation procedures related to certain Managed Accounts.

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Item 4 - Advisory Business

Siguler Guff Advisers, LLC (the "*Firm*") is an investment adviser that provides discretionary and nondiscretionary investment advisory services to private equity investors. The Firm is a wholly owned subsidiary of Siguler Guff & Company, LP, which together with its affiliates operates as a global multi-strategy private equity investment firm. Founded in 1991 by Messrs. George Siguler, Drew Guff and Donald Spencer as the Private Equity Group of PaineWebber, the Firm began business as an independent adviser in 1995.

The Firm is privately owned. Two of the founders, George Siguler and Drew Guff, together with entities established for the benefit of their immediate families, each own over 25% of the Firm's securities, in equal amounts. An affiliate of The Bank of New York Mellon Corporation owns a non-voting 20% interest in the Firm.

The Firm is a dedicated private equity investment adviser, and all of its services to clients relate to managing private equity and associated investments. The Firm provides advisory services to Managed Funds and Separate Accounts:

- *Managed Funds*: The Firm provides discretionary investment management services to private equity investors through pooled investment vehicles ("*Managed Funds*") that invest the majority of their assets in privately-placed, pooled investment vehicles managed by professional, third-party investment managers ("*Private Equity Funds*"). Examples of Private Equity Funds include, but are not limited to, leveraged buyout (LBO) funds, distressed debt funds, growth capital funds, fixed income funds and real estate funds. Certain Managed Funds focus on purchasing existing interests in private equity funds, rather than subscribing to a fund when it is formed ("*Secondary Purchases*"). The Private Equity Funds, in turn, invest directly in securities of privately-owned companies and related investments, such as options and derivatives ("*Direct Investments*"). The investment mandates for most of the Firm's Managed Funds allocate up to a certain percentage of the portfolio to Direct Investments, which the Managed Funds may acquire either as co-investments alongside Private Equity Funds, or as investments sourced by the Firm. In some cases, the Firm's Managed Funds investment mandates allocate the entire portfolio to Direct Investments.
- *Separate Accounts*: The Firm provides discretionary and non-discretionary investment management services for institutional clients through Separate Accounts that invest in both Private Equity Funds and Direct Investments. Some Separate Accounts are focused in Secondary Purchases. The investment policies and restrictions for Separate Accounts are determined in consultation with the client, based on the client's individual investment requirements. Separate Accounts may be structured as limited partnerships, or similar vehicles, with a single limited partner or a group of affiliated limited partners.

Together, Managed Funds and Separate Accounts are referred to as "*Managed Accounts*." Services for Managed Accounts include screening and investigating prospective investments, negotiating the terms and conditions of the participation in those investments, ongoing monitoring of Managed Account investments and communicating with the teams that manage such investments, and

managing the disposition of investments, including publicly-traded securities distributed by Private Equity Funds.

In addition, the Firm may occasionally accept discrete assignments from clients to analyze or manage specific Private Equity Funds or Direct Investments. The Firm does not participate in wrap fee programs.

The Firm tailors its advisory services to meet the individual needs and investment restrictions of clients or, in the case of Managed Funds, groups of investors. Most Managed Funds consist of parallel funds that accommodate investment restrictions or preferences of investors, such as parallel funds for non-US investors and investors that are US taxpayers. Because Managed Funds are pooled investment vehicles, in general, each investor participates in each Managed Fund on the same terms and conditions, as set forth in the organizational documents.

The Firm may also tailor its services by entering into “side letter” arrangements with investors in cases where investors are subject to additional needs or restrictions not met by a parallel fund or otherwise where investors seek to alter or supplement the terms of the partnership agreement of a Managed Fund. For example, side letters might supplement the existing governing documents, address issues such as reporting or confidentiality, regulatory or tax considerations applicable to an investor, or modify or clarify the application of specified sections of the Managed Fund’s organizational documents. Typically, each investor in a Managed Fund has the right to elect to receive the benefit of side letter provisions extended to similarly situated investors, subject to specified exceptions.

Separate Accounts are available to clients with substantial assets to invest, and are tailored to meet a particular client's investment, reporting and other needs and restrictions.

As of September 30, 2019, Regulatory Assets Under Management (“*RAUM*”) are:

Discretionary RAUM: \$11,860,267,312

Non-Discretionary RAUM: \$1,485,884,189

These amounts reflect RAUM as disclosed in Part 1 of the Firm’s Form ADV and include all securities accounts for which the Firm provides continuous and regular supervisory or management services.

Item 5 - Fees and Compensation

All investors and prospective investors should carefully review the governing and organizational documents of each Managed Fund in conjunction with this brochure for complete information on the fees and compensation payable with respect to a particular Managed Fund. Fees for Managed Funds are typically calculated based on a percentage of the capital investors have committed to such Managed Fund, with percentage fee breakpoints for individual investors with committed capital above a specified level. The percentage fee rate generally declines following a specified investment period. Under certain limited circumstances, the Firm may negotiate Managed Fund

management fees with individual investors and consultants on behalf of investors, and it may waive or reduce these fees for investments by its employees and other affiliates. The Firm may also aggregate the investments of two or more related investors in a single Managed Fund for purposes of calculating the management fee rate. Certain Managed Funds calculate management fees based on “invested capital,” defined generally as the cost basis of portfolio investments which have not been disposed of or written off. The private placement memorandum or similar document for each Managed Fund provides additional disclosures regarding management fees and other expenses. Management fees for each Separate Account are individually negotiated with each client. In addition to management fees, each Managed Fund (and certain Separate Accounts) also has Carried Interest arrangements with the Firm or its affiliates, as described below under “*Performance-Based Fees and Side by Side Management*.”

Managed Funds pay management fees to the Firm on a quarterly basis, generally in arrears on the last day of each fiscal quarter, although certain Managed Accounts may pay quarterly management fees in advance on the first day of each fiscal quarter. The Managed Fund’s custodian typically pays these fees to the Firm. The method of collection for Separate Accounts is negotiated with the client.

Each Managed Account bears its reasonable and properly incurred operating costs and extraordinary expenses as set out in the offering documents, organizational documents and/or investment management agreement of the Managed Account. Operating costs and expenses may include, but are not limited to:

- (i) organization and offer, distribution and placement expenses of the interests in the Managed Account, including legal, regulatory, and accounting fees, printing costs, travel expenses and expenses of meals, travel or lodging in connection with presentations to, and due diligence of, for certain prospective investors (generally up to a specified limit);
- (ii) legal fees and expenses incurred when reviewing and negotiating potential investments as well as other costs related to the acquisition, ownership and sale of investments (including hedging and derivative transactions), including brokerage commissions and other transaction costs, as described below under “*Brokerage Practices*”, transaction taxes and due diligence, appraisal, travel, investment banking, accounting, custodian and research expenses, including all costs with respect to transactions that are not consummated to the extent that such costs are not reimbursed by entities in which the Managed Account invests or proposes to invest;
- (iii) For certain Managed Accounts, the Firm charges the Managed Account for the cost of its use of certain of the Firm’s in-house professionals, such as legal team professionals, compliance personnel, tax professionals and accountants. The scope of such reimbursements and how they are calculated is described below (see “*Reimbursable Managed Accounts*”);
- (iv) transfer, registration and similar expenses incurred by the Managed Account or any taxes levied upon the Managed Account;

- (v) expenses related to the organization or maintenance of any intermediate entity used to acquire, hold or dispose of an investment;
- (vi) expenses incurred in connection with legal and regulatory compliance with U.S. federal, state, local, non-U.S. or other laws and regulations related to the Managed Account or its investments, including any expenses derived from compliance with AIFMD and expenses preparing and filing reports under the U.S. Securities Act of 1933 and/or U.S. Securities Exchange Act of 1934;
- (vii) expenses of tax advisors, legal counsel, accountants, custodians, outside administrators, auditors, consultants, contractors and other advisors retained by the Firm on behalf of the Managed Account and all ordinary out-of-pocket expenses related to the operation, administration or liquidation of the Managed Account, including the cost of the preparation, printing and distribution of the Managed Accounts financial statements or other reports, auditing and tax preparation expenses and cash management expenses;
- (viii) expenses of the Managed Account's advisory board and meetings of the partners (if applicable);
- (ix) interest on and expenses arising out of all financings (i.e. subscription lines, guarantees, or letters of credit) entered into by the Managed Account, including those of lenders and other financing sources;
- (x) all extraordinary expenses, such as litigation (whether actual or prospective) and indemnification costs and expenses, judgements and settlements;
- (xi) systems and technology expenses (including outsourced administrative services) associated with the Managed Account's recordkeeping, financial statements, tax returns, reports to investors, portfolio management and research;
- (xii) premiums for insurance expenses, including, but not limited to, directors and officers liability insurance, errors and omissions insurance and other policies, if any;
- (xiii) costs and expenses related to defaults by partners (including the general partner or limited partner) of any payments or capital contributions

Reimbursable Managed Accounts. For each Managed Account whose governing documents permit the Firm to do so (a "Reimbursable Managed Account"), the Firm charges (or intends to charge) the Reimbursable Managed Account for its use of certain of the Firm's in-house professionals, such as legal team professionals, compliance personnel, tax professionals and accountants ("In-House Professionals"). Such reimbursements are designed to recoup the portion of the Firm's costs for such professionals fairly allocable to Reimbursable Managed Accounts, including costs with respect to professionals who provide services relating to the organization of such accounts (subject to the limits set forth in such accounts' governing documents). All Reimbursable Managed Accounts commenced operations after May 1, 2020.

Aside from the required authorization in a Reimbursable Managed Account's governing documents, the Firm would allocate the cost of its In-House Professionals only if certain conditions are met (as determined by the Firm's Expense Allocation Committee):

- the fees, costs and other expenses of these services would be paid by the Reimbursable Managed Account if the services were provided by third-party service providers;
- the Firm reasonably believes that, on balance, it is in the Reimbursable Managed Account's best interests to have in-house personnel perform such services; and
- the costs of providing such services in-house are less than the amount that would be charged by a third party in an arm's-length transaction.

Occasionally, whether a service meets the criteria for reimbursement from a Reimbursable Managed Account is not clear. In such circumstances, the Firm will determine in its sole discretion whether reimbursement is appropriate. From time to time, the Firm's In-House Professionals work alongside third-party service providers on the same matter or engagement. When this occurs, although a third party is also engaged on the matter, a Reimbursable Managed Account would still reimburse the Firm for the work performed in-house to the extent the Firm determines that the in-house work meets the criteria for reimbursement.

The Firm may use In-House Professionals in lieu of third-party service providers even if such other entity or person may be regarded as more qualified to provide the applicable services.

The Firm has developed processes to quantify and monitor the allocation of expenses relating to in-house services. Each individual service provider (i.e., Firm employee) prepares time allocations to reflect the services he or she provided to various Reimbursable Managed Accounts. Senior professionals in the relevant service group review the allocations for reasonableness, and the Firm's Expense Allocation Committee reviews the allocations or summaries thereof on a periodic basis.

The Firm determines the cost of services performed by a Firm employee providing in-house services by reference to: the aggregate regular annual compensation paid to the employee (including salary, employer-paid payroll and unemployment taxes, certain employee benefits, and bonuses); profits interests, equity interests or other incentive-based compensation paid to the employee and related to the employee's work for the Reimbursable Managed Account; and the estimated amount of time spent by the employee providing the in-house services for the Reimbursable Managed Account. The Firm reviews the in-house service cost rate for samplings of Firm employees against third-party benchmarks on a regular (typically annual) basis. Should the actual in-house service cost exceed the third party benchmark, the Reimbursable Managed Accounts will bear the relevant costs at the benchmark rate. The Firm will select the relevant benchmarks in good faith but, in the case of certain service groups, the benchmark used might not be directly comparable to the internal costs being compared to the benchmark.

The Firm may allocate expenses relating to in-house services to the Reimbursable Managed Accounts on a quarterly, annual or other periodic basis, which may require the Firm to make adjustments from time to time to such allocations to account for future determinations of actual costs of services or to otherwise ensure the fairness or reasonableness of such allocations. Certain Reimbursable Managed Accounts may negotiate provisions regarding in-house expense

allocation, such as annual caps on the amounts reimbursed, which could result in those accounts bearing less expense for the same or similar services.

The Firm will provide information about the allocation of internal personnel costs, including the amount of costs so allocated and the allocation methodology used, on at least an annual basis, to each Reimbursable Managed Account's Limited Partner Advisory Committee (or, in the case of a Reimbursable Managed Account that is a separate account, to the separate account's owner), and will include a review of internal personnel cost allocation practices on the agenda of each such Limited Partner Advisory Committee's annual meeting.

Because the in-house expense allocation process relies on certain judgments and assessments that in turn are based on information and estimates from various individuals, the allocations that result will not be exact. Despite the Firm's good faith judgment to arrive at a fair and reasonable expense allocation methodology, a Reimbursable Managed Account may bear relatively more expense in certain instances and relatively less in other instances compared to what such Managed Fund would have borne if a different methodology had been used. From time to time, to the extent consistent with a Reimbursable Managed Account's governing documents, and without advance notification to clients, the Firm may use additional or different methods to allocate in-house expenses in an effort to ensure that such expenses remain fairly and reasonably allocated among the Firm and Reimbursable Managed Accounts.

The costs of the In-House Professionals will be allocated to Reimbursable Managed Accounts generally based upon the business time of such professionals spent on activities of the Reimbursable Managed Accounts in relation to the overall time spent on Reimbursable Managed Accounts and non-Reimbursable Managed Accounts matters (including matters relating to Siguler Guff and other funds and accounts managed by Siguler Guff). The existence of such an allocation policy may result in certain potential or actual conflicts of interest, including: a reduced incentive to limit the compensation of In-House Professionals who work on Reimbursable Managed Accounts matters because the Reimbursable Managed Accounts pay a portion of the Investment Manager's cost of In-House Professionals (which would increase the amount of expenses allocated to the Reimbursable Managed Accounts); and an incentive to make greater use of internal personnel for work on Reimbursable Managed Accounts matters, which could result in greater use of third-party service providers for other funds/accounts managed by the Firm. Furthermore, although the Firm will conduct a multi-tiered review of all in-house expense allocations, the process inherently involves a degree of Firm discretion, which necessarily entails a potential or actual conflict of interest.

For the avoidance of doubt, any costs paid by a Reimbursable Managed Account to the Investment Manager as reimbursement for utilizing the services of its In-House Professionals will not offset the management fees payable to the Investment Manager.

Managed Accounts will reimburse the Firm (including the general partner) for any reasonable or properly incurred expense paid by the Firm that are expenses to be properly borne by the Managed Accounts.

Because certain expenses may be shared by more than one Managed Account, the Firm has adopted policies and procedures for the allocation of such expenses among the Managed Accounts. Investment-related expenses shared by more than one Managed Account will generally be allocated *pro rata* based on the Firm's reasonable assessment of the amount available for investment with respect to such investment by each Managed Account. Non-investment-related expenses shared by more than one Managed Account will be allocated in a manner that the Firm considers to be fair and reasonable, taking into account the actual or estimated relative benefits to each Managed Account derived by such expense.

In addition, expenses may at times be shared among one or more Managed Accounts and Siguler Guff or its affiliates. If an affiliate of Siguler Guff co-invests in a transaction alongside a Managed Account, the affiliate will pay its allocable share of transaction expenses and, if the affiliate is entitled or required to co-invest in all transactions, the affiliate would pay its allocable share of expenses for deals that are pursued but not consummated. Siguler Guff or its affiliates also may share expenses not attributable to a specific transaction or Managed Account, such as insurance premiums, and research or information services.

Affiliates of the Firm are in some cases entitled to receive a Carried Interest payment (as described below under "*Performance-Based Fees and Side-By-Side Management*") based on realized profits, and might be required to return all or a portion of that Carried Interest because of later-realized losses. This potential refund, commonly referred to as a general partner "clawback," generally would be paid at the termination of the Managed Account and in accordance with detailed provisions included in the Managed Account organizational documents.

The Firm markets its products and certain services through an affiliated broker-dealer, Siguler Guff Global Markets, LLC ("*SGGM*"). SGGM operates as a FINRA-registered broker-dealer primarily for the limited purpose of offering interests in Managed Accounts advised by the Firm and Russia Partners Management, LLC. A portion of the compensation for marketing employees who are also registered representatives of SGGM is based indirectly on the amount of capital raised. The compensation of such persons is paid entirely by the Firm. Neither the Firm nor its supervised persons receive any sales compensation from Managed Account investors or third parties in connection with the distribution of its investment products.

From time to time, the Firm enters into agreements with third party firms to solicit Managed Fund investors or Separate Account clients. Except as described below with respect to feeder funds, compensation to these third party solicitors is borne entirely by the Firm. The Firm has an agreement with the distribution arms of The Bank of New York Mellon Corporation and its Revenue Wealth division ("*BNY Mellon*") to distribute certain of the Firm's Managed Accounts. Pursuant to this agreement, the Firm pays BNY Mellon a success fee, which is borne entirely by the Firm. As previously noted, BNY Mellon owns a non-voting 20% interest in the Firm. In addition, the Firm has entered into agreements with third party placement agents to solicit investors located in the U.S., Europe and Asia for specific Managed Funds. The Firm will pay these placement agents a fee, which is either borne entirely by the Firm, or initially paid by a Managed Fund, which is then reimbursed by offsetting advisory fees payable to the Firm, based on these investors successfully closing into the specific Managed Fund.

From time to time, third party investment firms might establish “feeder” funds through which that firm's clients will invest in a Managed Fund. The Firm might charge such feeder funds higher fees or expenses than those charged to other investors in the Managed Fund, and pay a management, administrative or placement fee to the firm sponsoring the feeder fund. Such an arrangement could encourage third party investment firms to recommend a Managed Fund over other suitable investments. The Firm requires the sponsors of such feeder funds to fully disclose to feeder fund investors all fees and expenses borne by such investors, whether charged directly by the feeder fund or its sponsor to its investors, or indirectly through the fees, the feeder fund pays to the Firm's Managed Fund.

Item 6 - Performance-Based Fees and Side-By-Side Management

An affiliate of the Firm serves as general partner (or its equivalent) of each Managed Account organized as a partnership or similar entity. The general partner is typically entitled to receive a performance-based percentage of profits (“*Carried Interest*”) from each Managed Fund. Similar arrangements are in place for many Separate Accounts. Typically, the general partner is entitled to receive its Carried Interest after specified performance hurdles have been met, such as return of invested capital and achievement of a specified return on invested capital. The Firm believes that its profit-sharing arrangements can serve to better align the interests of the Firm with those of its investors. However, the potential to receive Carried Interest or another performance-based compensation might create a motive for the Firm to make riskier investments on behalf of its clients than would otherwise be the case, because the Firm shares in gains but not in losses (except through the loss of the potential to receive a Carried Interest). Paradoxically, the potential to receive a Carried Interest could create a motive for the Firm to limit risks to avoid losing an accrued Carried Interest – for example, by selling an appreciated investment even though the Firm believes there remains potential for further appreciation.

In the case of most Managed Funds, the general partner's Carried Interest is higher for the Managed Fund's Direct Investments than for the Managed Fund's Private Equity Fund investments; certain Separate Accounts also provide a similar profit share arrangement. This two-tier profit share structure could provide an economic incentive for the Firm to cause a Managed Account to favor Direct Investments over Private Equity Funds. In addition, the Carried Interest or other performance-based incentives that the Firm receives vary among the Managed Accounts, as do the methods of calculating management fees. These differences could provide an incentive for the Firm to allocate investments to Managed Accounts with the potential for higher compensation to the Firm. Similar conflicts might arise with respect to allocation of investment disposition opportunities.

A number of factors mitigate these potential conflicts of interest, including:

- the percentage of each Managed Account's committed capital that can be invested in Direct Investments is contractually capped;
- the Firm and/or its principals generally invest their own capital alongside clients in a Managed Account, so that the Firm or its principals would suffer losses from imprudent or ill-chosen investments alongside the Firm's clients;

- the Firm's ability to continue to raise capital from investors and clients is dependent on its delivering strong investment results in its existing Managed Accounts; and
- the Firm's allocation policy provides an independent review of allocations among Managed Accounts by an Allocation Committee comprised of the Head of Tax, Finance, and Operations, the Chief Financial Officer and Chief Compliance Officer.

Item 7 - Types of Clients

The Firm provides investment advice to Managed Funds and Separate Accounts. Managed Fund investors and Separate Account clients include corporate, multi-employer and public employee benefit plans, endowments, foundations, sovereign wealth funds, financial institutions, family offices and high net worth individuals, from both within and outside the United States.

The minimum commitment for an investor in a Managed Fund varies, but is generally in the range of \$3 million to \$5 million. The Firm's minimum account size for Separate Account clients generally is \$50 million in target commitments. The Firm is permitted to waive these minimums at its discretion, and does so under appropriate circumstances.

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

Each Managed Fund addresses a specific investment opportunity or group of opportunities, such as investing in distressed companies and securities, investing in companies doing business in the emerging markets, investing in buyouts of small companies, or investing in interests of Private Equity Funds on the secondary market. Separate Accounts might target specific opportunities, similar to Managed Funds, or might have broader mandates to invest in a range of private equity opportunities. Investors in Managed Funds receive a Private Placement Memorandum or similar document that describes the Managed Fund's investment strategy, methods of analysis and risks of loss in detail. Separate Account clients typically receive a Strategy and Risk Disclosure Statement with similar disclosure specifically tailored to their needs. **Appendix A** describes the broad investment methods and risks of each of the Firm's Managed Fund strategies; comparable disclosure for Separate Accounts would typically be included in the relevant Strategy and Risk Disclosure Statement.

For both investments in Private Equity Funds and Direct Investments, the Firm undertakes a multidimensional due diligence process, including investment due diligence, legal due diligence and operational due diligence:

- *Investment Due Diligence Process:* The Firm's investment due diligence process for Private Equity Funds typically involves multiple meetings with each potential Private Equity Fund's management, a detailed review of investment performance, a review of sample investment files, and extensive reference checking. The Firm focuses significantly on the target firm's investment history and investment pipeline, seeking to evaluate the drivers behind a Private Equity Fund's past performance, and the vision of the management team for investments going

forward. In the case of Direct Investments, the Firm's investment due diligence process focuses on a wide range of issues, including the quality and integrity of the target company's management, the company's historic and projected financial results, the company's competitive landscape, and internal and external risks that can affect the validity of business and financial projections. In the case of Direct Investments made alongside a Private Equity Fund, the Firm may rely on the due diligence performed by the Private Equity Fund's management. In the case of other Direct Investments, the Firm originates and performs the due diligence internally.

- *Legal/Tax Due Diligence Process:* Parallel to and independent of the investment due diligence process, the Firm's legal team conducts or oversees background searches, reviews and negotiates investment documents and terms, and evaluates whether the potential investment is suitable for the intended clients from a tax and regulatory perspective.
- *Operational Due Diligence Process:* Parallel to and independent of the investment due diligence processes, the Firm's operations team conducts a risk-based review of a potential investee Private Equity Fund's back office processes and financial controls. The operations team similarly performs due diligence analyses for Direct Investments, the detail and depth of which is determined based on the nature of the investment.
- *Environmental, Social and Governance ("ESG") / Foreign Corrupt Practices Act ("FCPA") Review:* Parallel to and independent of the investment due diligence process, the Firm's ESG coordinator conducts a review of ESG issues related to the investment, and determines whether there exist significant risks under the FCPA and, if so, how these risks are being or could be mitigated. These evaluations are based upon the nature of the Managed Account's investment program or business, questionnaire responses from general partners, deal sponsors or management, and independent research and investigation, conducted by the Firm or by a deal sponsor.

All investments involve the risk of complete loss that all clients and investors should be prepared to bear. A fundamental premise of private equity investing is the acceptance of illiquidity and a higher degree of risk in expectation of higher returns. Certain of the more significant risks shared by most Managed Accounts are discussed briefly below:

- *Illiquidity and Long Holding Period:* Investors in the Firm's Managed Funds have no redemption rights, and their ability to sell their partnership interests to third parties at current net asset value might be limited. Managed Funds typically have terms exceeding ten years. Managed Fund investors therefore should be financially able to hold their investments for the long term. While Separate Account clients might have greater rights to terminate the Separate Account than those of an investor in a Managed Fund, the assets held in the Separate Account typically have similar limitations on liquidity and transfer.
- *Lack of Diversification:* The portfolios of Managed Accounts typically hold fewer discrete investments than managed public securities portfolios such as mutual

funds. Furthermore, the Managed Funds and certain Separate Accounts have focused investment objectives and, accordingly, have concentrated exposure to particular sectors or geographic areas. The ability of Managed Funds and certain Separate Accounts to make Direct Investments further increases their portfolio concentration.

- *Lack of Ability to Participate: Key Personnel:* Investors in Managed Funds (and, to a lesser extent, Separate Account clients) have no right or power to participate in the management or control of the business of the Managed Fund or Separate Account and thus must depend solely upon the ability of the Firm to make investments and otherwise manage the enterprise. Investors in Managed Accounts may invest in reliance on the abilities and background of key Firm personnel, who might not remain available to the Firm for the life of the investment.
- *Unspecified Use of Proceeds: Limited Recourse:* Investors in Managed Accounts generally will not know what specific investments will be made at the inception of the Managed Account relationship. Managed Fund investors have limited rights to withdraw from the Managed Fund, cease to make further capital contributions or terminate the Firm as manager, even if such investors are dissatisfied with the investments made or investment results. Separate Account clients generally have stronger governance rights, but may face practical obstacles to early termination of a Separate Account or replacing the Firm as manager. The governing documents of Managed Accounts contain provisions limiting the Firm's liability to investors or clients, and providing for broad indemnification of the Firm against liability, all subject to the requirements of applicable law, including the federal securities laws.
- *Changing Market Conditions:* Many of the Firm's investment strategies are premised in part upon an imbalance between supply and demand of investment capital, or other market inefficiencies. These inefficiencies, even if correctly identified by the Firm, might abate or disappear before a Managed Account has deployed all of its capital.
- *Investments Outside the United States:* Investments by Managed Accounts or their underlying Private Equity Funds in companies based outside the United States involve additional risks, including: currency fluctuation; less robust banking and other financial systems; less reliable financial reporting; less developed judicial and regulatory regimes; potential for restrictions on repatriation of investments or confiscatory taxation; and potential political, social, or economic instability.
- *Management Fees and Expenses:* Managed Accounts bear management fees and expenses directly, and indirectly share in the management fees and expenses of the Private Equity Funds and Direct Investments in which their portfolios invest. The investment return on the underlying investments therefore must be sufficient to offset both levels of fees and expenses before Managed Account investors will earn a positive investment return. In addition, to the extent a management fee (on a Managed Account or on one of its underlying investments) is based on committed rather than invested capital, investors pay management fees on both called and uncalled capital, resulting in high effective fee rates (i.e., fees on invested capital) at the beginning of a Managed Account investment when little capital has been called and invested. Because of the extensive due diligence and ongoing

management activity required for many private equity investments, expenses aside from management fees are generally higher than for portfolios invested in public markets.

- *Uncertainty of Valuation:* Managed Accounts and their underlying Private Equity Fund investments will, generally, value their assets using a “fair value” methodology dictated by their governing documents, and the valuation methods used by Managed Accounts and by underlying Private Equity Funds will vary. It is also possible that a Direct Investment could be owned by two or more Private Equity Funds at differing valuations. The values of investments as determined under these methods do not necessarily reflect the price at which the investments could currently be sold in an arm’s length transaction. Thus, measuring the performance of a Private Equity Fund or Direct Investment prior to its full realization involves substantial uncertainty.
- *Certain Conflicts of Interest:* With respect to each Managed Account, the other activities of the Firm may give rise to conflicts of interest. The Firm is engaged in the management of a number of Managed Funds, and manages Separate Accounts for institutional and individual clients. The foundation documents for Managed Accounts permit the Firm, under certain circumstances, to form additional Managed Accounts in the future, and the investment objectives of previously-existing or later-formed Managed Accounts could overlap with those of particular Managed Accounts. To the extent other Separate Accounts or Managed Funds are appropriate investors for some of the same opportunities as an existing Managed Account, the Firm will allocate opportunities to all Separate Accounts and Managed Funds for which the investment is suitable in a fair and equitable manner in accordance with its then existing allocation policies (including review and approval by the Allocation Committee). This allocation of opportunities may result in a Managed Account participating in an investment to a lesser extent than would otherwise have been the case. Because some of the factors used in making allocation decisions are subjective or not readily verifiable, investors are reliant on the Firm to make fair and suitable allocation decisions.

See “*Performance-Based Fees and Side-By-Side Management*” above for a discussion of potential conflicts arising from performance fees and other compensation arrangements.

Subscription Lines of Credit: Certain Managed Funds or Separate Accounts of the Firm may obtain or make use of one or more subscription lines of credit (“*Credit Facilities*”) secured by the capital commitments of the Managed Fund’s or Separate Account’s partners (including limited partners) as a form of short-term financing. These Credit Facilities can enable Managed Accounts from time to time to make investments or pay management fees or other Managed Account expenses in lieu of calling capital from limited partners. While Credit Facilities can serve as an interim method of substituting for partner capital, the Firm has not and does not intend to allow its Managed Accounts to use Credit Facilities to invest more than its committed capital. The use of Credit Facilities may contribute to higher Internal Rates of Return (“*IRR*”), may cause Managed Accounts to bear interest on the outstanding principal amount, and subject Managed Accounts to certain fees and expenses that could affect liquidity and cash flows.

Coronavirus (“COVID-19”) and Public Health Emergency Risk Factor: As of the date of this Form ADV, there is an outbreak of a novel and highly contagious form of coronavirus (“COVID-19”), which the World Health Organization has declared to constitute a “Public Health Emergency of International Concern.” The outbreak of COVID-19 has resulted in numerous deaths, adversely impacted global commercial activity and contributed to significant volatility in certain equity and debt markets. The global impact of the outbreak is rapidly evolving, and many governments have reacted by instituting states of emergency, quarantines, prohibitions on travel and the closure of offices, businesses, schools, retail stores and other public venues. Businesses are also implementing similar precautionary measures. Such measures, as well as the general uncertainty surrounding the dangers and impact of COVID-19, are creating significant disruption in supply chains and economic activity and are having a particularly adverse impact on transportation, hospitality, tourism, entertainment and other industries. As COVID-19 continues to spread, the potential impacts, including a global, regional or other economic recession, are increasingly uncertain and difficult to assess.

Any public health emergency, including any outbreak of COVID-19, SARS, H1N1/09 flu, avian flu, other coronavirus, Ebola or other existing or new epidemic diseases, or the threat thereof, could have a significant adverse impact on the Firm, its Managed Funds and their portfolio investments and could adversely affect the Managed Funds’ ability to fulfill their investment objectives. The spread of COVID-19 creates a variety of potential risks. The magnitude and duration of these risks cannot be predicted at this time.

The extent of the impact of any public health emergency on the Managed Funds’ and their portfolio investments’ operational and investment performance will depend on many factors, the impacts of which cannot be predicted with any degree of certainty, including:

- the duration and scope of such public health emergency;
- the extent of any related travel advisories and restrictions implemented;
- the impact of such public health emergency on overall supply and demand (consumer and industrial), goods and services, investor liquidity, consumer confidence and levels of economic activity;
- disruptions to shipping and other transportation; and
- the extent of its disruption to important global, regional and local supply chains and economic markets.

The effects of a public health emergency may materially and adversely impact the value and performance of the Managed Funds’ portfolio investments, potentially causing financial distress (particularly for highly leveraged portfolio investments or portfolio investments with low cash reserves), impairing the Managed Funds’ ability to source, manage and divest investments and ability to achieve their investment objectives, all of which could result in losses to the Managed Funds. In addition, the operations of the Managed Funds, their portfolio investments, the Firm and the Investment Manager may be significantly impacted, or even temporarily or permanently halted, as a result of government quarantine measures, voluntary and precautionary restrictions on travel or meetings and other factors related to a public health emergency, including operational

disruptions and its potential adverse impact on the health of any such entity's personnel and reduced efficiency due to illness of a portion of the workforce or the need to work remotely. The Firm's key vendors and service providers, such as providers of outsourced accounting services, consultants and external counsel, are also subject to these risks.

Item 9 - Disciplinary Information

None.

Item 10 - Other Financial Industry Activities and Affiliations

The Firm serves as the investment adviser to its Managed Accounts, and affiliates of the Firm serve as the general partner or equivalent of Managed Accounts organized as limited partnerships or similar structures. Employees of the Firm often serve as the officers/directors of Managed Accounts and of various holding companies and "feeder" entities associated with Managed Accounts. In addition, the Firm markets Managed Accounts through its affiliated broker-dealer, SGGM, and marketing employees of the Firm are also registered persons of SGGM.

Russia Partners Management, LLC is an affiliate of the Firm that serves as investment manager to certain Managed Funds that make Direct Investments in companies operating in Russia and other states of the former Soviet Union. OOO "Russia Partners Advisers" is a Russia-based affiliate of the Firm that provides investment advice to Russia Partners Management, LLC.

Siguler Guff UK LLP ("SG UK") is an affiliate of the Firm that serves as investment manager to certain Managed Funds that have been established in Europe for certain European investors and designated as alternative investment funds ("AIFs") under Article 4(1)(a) of the Alternative Investment Fund Managers Directive ("AIFMD"). SG UK is authorized and regulated by the Financial Conduct Authority, and has delegated portfolio management and certain other responsibilities to the Firm for the management of the AIFs.

Siguler Guff Gestora de Investimentos (Asset Management) Brasil Ltda ("SG Brasil") is an affiliate of the Firm that serves as a manager of securities portfolios for certain Brazilian and non-Brazilian investors in equity investment funds ("FIPs"), governed by CVM Rule 578, and multimarket investment funds ("FIMs"), governed by CVM Rule 555. SG Brasil is registered and regulated by the Securities and Exchange Commission of Brazil ("Comissão de Valores Mobiliários" or "CVM").

Siguler Guff (Hong Kong) Limited ("SG HK") is an affiliate of the Firm that markets collective investment schemes managed by the Firm to professional investors in Hong Kong and in the Asia-Pacific region. SG HK is licensed with the Securities and Futures Commission to conduct Type 1 (Dealing in Securities) Regulated Activity in Hong Kong.

Successor Funds:

Once a Managed Fund has allocated a certain percentage of its investable assets, the Firm is typically permitted to organize successor funds, which often pay higher fees because fees on private equity accounts tend to decrease over time. This provides an incentive to invest a Managed Fund's assets more quickly than might otherwise be the case, and also increases the competition for investment opportunities. In addition, some Managed Funds may be contractually promised priority for certain limited investment opportunities.

Credit Funds:

The Firm manages certain Managed Accounts (for the purpose of this section "*Credit Funds*") that make or consider making Direct Investments in private companies in the form of debt investments. In many cases, these Direct Investments are sourced from other of the Firm's investment teams who manage Managed Accounts that have made or are considering making equity investments in the same private companies, through either Private Equity Funds or Direct Investments. The Firm may have a potential conflict of interest when its Credit Funds and Managed Accounts hold an interest in a private company's debt and equity. The Firm mitigates this conflict, generally, by establishing standardized policies regarding the Credit Fund's proposed investment vis-à-vis other Managed Accounts and, in certain cases, requiring approval from the Credit Fund's Board of Directors.

Allocation of Investment Opportunities:

George Siguler and Drew Guff sit on the Investment Committees of Managed Funds managed by the Firm and by these affiliated advisers, and various legal, compliance, accounting, tax and operations personnel provide services to all such Managed Funds. These relationships can result in conflicts with respect to the allocation of investment opportunities (including disposition opportunities). See "*Performance-Based Fees and Side by Side Management*" above for a discussion of how the Firm seeks to address these conflicts. In addition, the management of multiple Managed Accounts may lead to conflicts over the allocation of resources devoted to the management of certain accounts or strategies. The Firm seeks to handle this conflict by devoting what it considers sufficient resources to the management of client accounts. A Managed Fund's organizational documents typically provide the Firm (or the Managed Fund's general partner) with wide latitude to resolve conflicts.

The Firm does not receive compensation from the investment advisers it selects or recommends for inclusion in Managed Account portfolios.

Siguler Guff Global Markets:

SGGM is an affiliate of the Firm and operates as a broker-dealer primarily for the limited purpose of placing interests in Managed Accounts advised by the Firm and Russia Partners Management, LLC. A portion of the compensation paid to marketing employees who are also registered persons of SGGM is based indirectly on the amount of capital raised and on the management fees received by the Firm from investors in Managed Accounts. The Firm pays each marketing employee based on a single firm-wide formula that does not vary based on the Managed Account being sold.

The Firm's compensation arrangements with SGGM and its marketing employees could encourage these employees to focus on selling interests in Managed Accounts with higher fees. This conflict is ameliorated in part because clients are made fully aware of the varying management fees for different Managed Accounts.

The compensation of marketing employees and investment employees is paid entirely by the Firm.

The foregoing is a discussion of some of the conflicts that arise in the Firm's management of client accounts, but is not a complete list of conflicts. Investors should review a Managed Fund's organizational and disclosure documents for additional information about possible conflicts. Although the Firm will seek to resolve conflicts in a manner that is fair and reasonable under the circumstances, investors should be aware that conflicts will not always be resolved in their favor and, in fact, the resolution of conflicts may be disadvantageous to one or more investors.

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

The Firm has adopted a Code of Ethics pursuant to Rule 204A-1 under the Investment Advisers Act of 1940, which establishes standards of conduct for its employees, outlines procedures to identify and prevent breaches of fiduciary duty, and addresses actual or potential conflicts of interest. The Code of Ethics provides detailed policies and procedures for review and (in some cases) prior approval of securities transactions by the Firm's employees, consistent with the Firm's fiduciary duty to its clients and with its obligation to place its clients' interests first. The Firm will provide a copy of the Code of Ethics to any client or potential client upon request.

Certain Managed Accounts might be permitted, under appropriate circumstances, to invest in a Managed Fund. In such cases, the Firm would not charge a management fee at the Managed Account level, to avoid collecting a "double" fee. In addition, Managed Fund investors and Separate Account clients are specifically advised that a Managed Account might invest in a Managed Fund and, in the case of a Separate Account, prior client notification or consent is typically required. Despite these safeguards, the Firm's ability to invest a Managed Account's assets in its Managed Funds represents a conflict of interest. For example, the Firm's aggregate compensation might be higher because a Managed Account invests in a Managed Fund, despite the absence of double fees. The investment of Managed Accounts into Managed Funds also might help the Firm achieve "critical mass" in its Managed Fund fund-raising.

The organizational documents for Managed Accounts generally require the Firm and/or its affiliates to invest side-by-side with the Managed Account, to promote a greater alignment of interest. In some cases the Firm or its affiliates will invest directly in the Managed Account, on the same terms as other investors except that management fees and profit participations are waived. The Firm or its affiliates also might co-invest by investing in the same transactions alongside the Managed Account, on the same terms as the Managed Account. Absent special circumstances, the Firm or its affiliates would dispose of the investment at the same time, and on the same terms, as the Managed Account.

Aside from the contractually mandated co-investment described above, the Firm or its affiliates are only permitted to invest in the same securities as a Managed Account with the prior approval of the Firm's Compliance Group (excluding certain public securities, which may not require prior approval). In reviewing such a request, the Compliance Group would consider whether the

proposed co-investment could adversely affect the price or quantity of the investment available to the Managed Account.

Item 12 - Brokerage Practices

Most transactions in Private Equity Funds and Direct Investments are made without the participation of brokers or dealers retained on behalf of the Managed Account. When brokers or dealers are used in the purchase or sale of securities for Managed Accounts, the Firm will seek to obtain the best execution of portfolio transactions. To do so, the Firm may consider the quality and reliability of brokerage services, as well as the research and investment information and other services provided by brokers or dealers. Factors considered include:

- price;
- the broker or dealer's facilities;
- reliability and financial responsibility;
- the ability of a broker or dealer to effect securities transactions, particularly with regard to such matters as timing, order size and execution of orders; and
- the research and other services provided by that broker or dealer to the Firm that are expected to enhance the Firm's general investment management capabilities, notwithstanding that a client may not be the direct or exclusive beneficiary of such services.

Before approving a dealer for transactions with a client involving significant counterparty risk, such as derivative transactions, the Firm performs a more extensive creditworthiness evaluation. Commission rates and dealer mark-ups, being a component of price, are one factor considered together with other factors. Accordingly, the Firm may cause a client to pay a commission or mark-up for effecting a transaction in excess of the amount another broker or dealer would have charged for effecting that transaction, when the Firm has determined in good faith that the commission or mark-up is reasonable in relation to the value of brokerage and/or research services rendered to the Firm.

Private Equity Funds held in Managed Accounts from time to time make distributions in kind of publicly-traded securities to their investors. In many cases, the general partner of the distributing Private Equity Fund selects a broker (the "*Distribution Broker*") to manage the disposition of the distributed securities on behalf of all the Private Equity Fund's investors. In such cases, the Firm can elect to use the services of the Distribution Broker or another broker, or elect to hold the distributed securities. The Firm would make this determination based on factors including the size of the position and the capabilities of the Distribution Broker.

Certain Managed Accounts (primarily those with a distressed strategy mandate) may invest in Direct Investments that are fixed income instruments, including loans and trade receivables. These fixed income instruments are generally acquired from securities dealers. These fixed income instruments are often thinly traded, and might be available at any given time from a limited number of dealers, or even from only one dealer.

The Firm may receive research services and information from brokers or dealers with whom it effects transactions for Managed Accounts or from placement agents representing the sponsors of the Private Equity Funds in which the Managed Accounts invest. Such services and information include: information on the economy, industries, groups of securities and individual companies; statistical information; market data, pricing and appraisal services; credit analysis; risk measurement analysis; performance analysis; and other information which may affect the economy or securities prices. Research services may be received in the form of written reports, personal contacts with investment professionals, or access to online data services (including the use of computer hardware necessary to access such services). In some cases, research services that are generated by third parties may be provided by or through the firm to which commissions are paid. The receipt of this research benefits the Firm because the Firm does not have to use its own resources to pay for the brokerage and research services received. In addition, these services may be used to benefit all of the Firm's accounts, not just the accounts whose activity resulted in the receipt of the services. Because the volume of business generated by Managed Accounts with brokers and dealers is relatively small, the Firm at this time does not have formal soft dollar arrangements with any brokers or dealers.

Item 13 - Review of Accounts

The Firm's investment personnel monitor all investments in Managed Accounts on an ongoing basis, through continuous communication with the Private Equity Fund's or Direct Investment's management teams, review of provided reports, attending conferences and investor meetings, and general oversight of the investments' progress. More formally, a senior investment professional reviews the composition and performance of all client accounts at least quarterly, and the investment teams for each Managed Fund aim to conduct quarterly portfolio reviews with senior Firm management.

Before making a new investment for any Managed Account, the Managed Account's investment policies and restrictions are reviewed to ensure that the potential investment is consistent therewith. In addition, the Firm's Operations and Valuation Committees review the status of investments with valuation declines exceeding certain triggers as part of the risk control process.

The Firm provides periodic (generally quarterly) written reports to its Managed Account clients that generally include unaudited financial statements, a letter from management describing significant developments, a listing and valuation of the securities held in the account, performance information, a narrative description of significant developments affecting the value of the account and other statistical information. On an annual basis, clients receive audited financial statements.

Item 14 - Client Referrals and Other Compensation

From time to time, the Firm enters into agreements with third party firms to solicit investors to invest in one or more Managed Account. A solicitor firm generally is entitled to a success fee to the extent it secures clients, calculated based on the management fees paid by the clients the solicitor firm secures. These fees are borne by the Firm and not by the relevant Managed Account, unless investors are informed otherwise. The Firm has an agreement with BNY Mellon to

distribute certain of the Firm's Managed Accounts. Pursuant to this agreement, the Firm will pay BNY Mellon a success fee, which is borne entirely by the Firm. BNY Mellon owns a non-voting 20% interest in the Firm. In addition, the Firm has entered into agreements with third party placement agents to solicit investors located in Europe, Asia, the Middle East, and Latin America for specific Managed Funds. The Firm will pay these placement agents a fee, which is borne entirely by the Firm, or initially paid by a Managed Fund, which is then reimbursed by offsetting advisory fees payable to the Firm, based on these investors successfully closing into the specific Managed Fund.

In addition, SGGM is an affiliate of the Firm and operates as a broker-dealer primarily for the limited purpose of placing interests in Managed Accounts advised by the Firm and Russia Partners Management, LLC. A portion of the compensation paid to marketing employees who are also registered persons of SGGM is based indirectly on the amount of capital raised and on the management fees received by the Firm from investors in Managed Accounts. The Firm pays each marketing employee based on a single firm-wide formula that does not vary based on the Managed Account being sold.

Item 15 - Custody

Under Rule 206(4)-2 under the Investment Advisers Act of 1940 (the "Custody Rule") an investment adviser is deemed to have custody or possession of client funds or securities if the adviser directly or indirectly holds client funds or securities, or has authority to obtain possession of them. Advisers are required to maintain client funds and securities (except for securities that meet the privately offered securities exemption in the Custody Rule) over which they have custody with a qualified custodian. Qualified custodians include banks, brokers, futures commission merchants and certain foreign financial institutions.

The Firm generally has the right to deduct management fees directly from Managed Accounts, has broad access to funds and securities in Managed Accounts and acts as investment manager or has affiliates that act as the general partner to its Managed Accounts, therefore, the Firm is deemed to have custody of its client assets. The Custody Rule imposes requirements concerning reports to such clients and surprise examinations relating to such clients' funds and securities. However, an adviser need not comply with such requirements with respect to pooled investment vehicles if each pooled investment vehicle (i) is audited at least annually by an independent public accountant and (ii) distributes its audited financial statements prepared in accordance with generally accepted accounting principles to their investors within 120 days (180 days in the applicable case of a fund-of-fund adviser) of its fiscal year-end. The Firm relies upon this audit exception with respect to the majority of its Managed Accounts. The Firm will have surprise examinations performed for any client assets where the Firm is not able to rely on the audit exception.

Item 16 - Investment Discretion

For discretionary Separate Account clients, as well as for Managed Funds as to which the Firm has investment discretion, the Firm has the authority as a general proposition to determine the securities to be bought or sold. This authority is typically granted in the Managed Account's

organizational documents and generally is subject to various investment limitations or objectives imposed by the client or by the organizational documents of the relevant Managed Account. Such limitations vary from account to account and typically address such matters as limitations on the type or quality of security to be purchased, and required diversification by issuer or industry.

Item 17 - Voting Client Securities

Because the Firm's investments on behalf of its clients are primarily in companies that are not publicly traded, it is rarely necessary to vote proxies of publicly traded companies. Even if a proxy is solicited, it may be the case that the Firm's vote will not be a material factor in deciding the matter given the Managed Account's interest in the company. Nevertheless, the Firm's Voting Policy is designed to reasonably ensure that all proxies, whether it relates to a public company or a vote or consent related to a private company, are voted in the best interests of its clients. The portfolio manager of each Managed Account is primarily responsible for making the decision on how, or whether, to vote and to recognize and resolve any material conflicts of interest that may arise in the course of such voting in conjunction with the Firm's Legal and Compliance teams. In general, the Firm will vote in favor of existing management and directors, unless information gained through research, news, and other sources that would suggest a company's management and directors are not performing up to what the Firm believes are acceptable standards.

Investors in a Managed Fund cannot direct the Firm's vote in a particular solicitation. Clients in a Separate Account may be able to direct the Firm's vote in a particular solicitation, depending on the details of how such Separate Account operates. All clients (either invested in a Managed Fund or Separate Account) may obtain information on how the Firm voted with respect to the applicable account's securities and obtain a copy of the Firm's Voting Policy by submitting a written request to Daniel Whitcomb at dwhitcomb@sigulerguff.com.

Item 18 - Financial Information

The Firm does not require or solicit prepayment of any fees six months or more in advance, does not have any financial condition that would impair its ability to meet contractual commitments to clients, and has not been the subject of a bankruptcy petition at any time during the past ten years.

Item 19 - Requirements for State-Registered Advisers

Not applicable.

Appendix A – Managed Funds’ Investment Methods and Risks

Each Managed Fund addresses a specific investment opportunity or group of opportunities. Investors in Managed Funds receive a Private Placement Memorandum or similar document, that describes the Managed Fund's investment strategy, methods of analysis and risks of loss in detail. This Appendix describes the broad investment premises, methodologies and risks for each of the Firm’s Managed Fund strategies. The Private Placement Memorandum for each Managed Fund contains more extensive disclosure, and prospective investors should obtain a Private Placement Memorandum from the Firm and carefully review it before investing in a Managed Fund.

Siguler Guff Distressed Opportunities Funds (“DOF” or “DOF Funds”)

Investment Strategy: The DOF Funds seek to assemble a diverse portfolio of Private Equity Funds focusing on securities and other interests of companies undergoing financial distress, operating difficulties or restructuring, as well as various distressed residential, commercial and consumer asset-backed securities and whole loans. The DOF Funds also make Direct Investments in companies experiencing similar situations.

The DOF Funds invest in Private Equity Funds that represent a wide spectrum of distressed securities investment approaches, targeting Private Equity Fund managers that the Firm considers to be market leaders, or to have a distinct competitive advantage over their counterparts. The portfolios include Private Equity Funds whose approaches range from short or medium-term passive trading strategies to Private Equity Funds who will take active control of the restructuring process, with the ultimate objective of restructuring their debt investments on favorable terms or gaining control of the restructured entity. The DOF Funds intend to invest across a broad spectrum of funds focusing on credits of all sizes, both public and private, and on a wide range of securities, from senior secured bank debt to junior unsecured bonds to trade claims to equity to residential, commercial and consumer asset-backed securities and whole loans, as well as structured products and derivatives. On occasion, the DOF Funds invest in less typical distressed investments, such as shipping companies or pharmaceutical royalties, based on the premise that the sector is experiencing distress due to a scarcity of capital relative to Siguler Guff’s assessment of the expected risk-adjusted return.

The DOF Fund portfolios are diversified across Private Equity Funds that invest in all stages and types of bankruptcy. The portfolios are diversified across Funds that acquire various types of distressed paper, including senior secured debt, senior unsecured, senior subordinated, subordinated and junior subordinated securities. Some Private Equity Funds may invest in specialized niches, such as trade debt, portfolios of defaulted credit card receivables or other small loans. Other Private Equity Funds might invest in debtor-in-possession (or “DIP”) financings, which are loans made to the company after bankruptcy with various priorities over existing or future creditors. Distressed buyers invest in both defaulted securities (i.e., those of companies that missed or completely halted coupon payments) and cash-paying distressed paper generating high current yields.

Risk Factors:

- *General:* Distressed securities are issued by or relate to companies in unstable financial condition, resulting in substantial inherent risks, such as uncertainty about performance and uncertainties regarding the outcome and timing of the bankruptcy process. Because of the high level of sophistication necessary for this type of investing, it must be anticipated that some investments in the portfolios will ultimately be unprofitable. These investments require active monitoring and may require that an investor participate in business strategy or reorganization proceedings, a role that is more active than is generally assumed by an investor. Such involvement by an investor in an issuer's reorganization could restrict the investor's ability to liquidate its position in the issuer or additional liability.
- *Uncertainty of Distressed Debt Market Conditions:* Investing in distressed securities may be more reliant on market timing than other private equity investments. The default rates for debt securities fluctuate widely, and periods of relatively low default rates tend to limit opportunities for profitable distressed investing. It is impossible to predict with certainty at any time how broad or persistent a window of opportunity will be, when the market bottom will occur, or whether the market bottom has already occurred. Because the successful implementation of the DOF Funds investment strategy depends, in part, on the ability of the Firm to successfully predict and take advantage of changing market conditions, to the extent the Firm is unable to do so, returns will be adversely affected.
- *Uncertainties Associated With the Bankruptcy Process:* Many of the investments in the DOF portfolios will be in various stages of a bankruptcy proceeding, which are frequently contested and adversarial, and subject to unanticipated adverse developments. There can be no assurance that a bankruptcy court would not approve actions that may be contrary to the interests of an investor. Moreover, the duration of a bankruptcy case can only be roughly estimated and the pendency of bankruptcy proceedings can adversely affect a company's business, particularly if customers, suppliers and employees lose confidence in the company's viability as a going concern. If a company in bankruptcy is forced to dispose of assets, the value realized on those assets might be less than if the assets were disposed of outside the bankruptcy context. During the bankruptcy, an automatic stay will prevent creditors from taking action against the debtor to collect on amounts owed to such creditors. Generally, no interest will be permitted to accrue and, therefore, the creditor's return on investment can be adversely affected by the passage of time during the proceedings. Lastly, the costs associated with a bankruptcy proceeding can be high, and are generally paid out of the debtor's estate prior to any return to creditors and equity holders. In addition, certain claims, such as claims for taxes, may have priority by law and may be quite high. Claims in bankruptcy cases are often paid at less than par and depending on the debtor's assets and liabilities, there may be no recovery at all for some classes of creditors.
- *Risks Associated With Trading Strategies:* The performance of Private Equity Funds engaged in trading strategies, and Direct Investment trading strategies, might be more volatile than that of Private Equity Funds with longer-term strategies. To

the extent that a Private Equity Fund offers redemption rights, it is possible that, following a period of poor performance, a significant percentage of the Private Equity Fund's investors will elect to redeem. Such redemptions could force the Private Equity Fund to dispose of its investments to raise cash at a disadvantageous time and thereby reduce its return. Such Private Equity Fund may also have the ability to limit or suspend redemptions, preventing the DOF Funds from getting its investment back when it wishes to do so.

- *Financing.* The Private Equity Funds in the DOF portfolios in some cases will acquire securities using a mixture of equity and third-party debt financing. Direct Investment in some cases might also be leveraged. Leverage can enhance positive investment returns, but it also involves a high degree of risk. If the cash flows from an investment made using leverage (or proceeds of refinancing) are insufficient to cover interest payments and principal amortization, such use of leverage will increase the severity of the equity investors' losses, possibly causing the loss of the entire equity investment. Leveraged investments may be subject to "margin calls" if equity value declines, which can force the investor to dispose of the investment or refinance at an inopportune time. Availability of financing from the debt markets is volatile in general.
- *Other Risks.*
 - *Securities Markets Risk:* The value of distressed interests could be affected by factors affecting the securities markets generally, such as real or perceived adverse economic conditions, supply and demand for particular instruments, changes in the general outlook for the securities market or corporate earnings, interest rates, announcements of political information or adverse investor sentiment generally.
 - *Interest Rate Risk:* "Interest rate risk" refers to the risks associated with market changes in interest rates. In general, rising interest rates will negatively impact the price of fixed rate debt instruments and falling interest rates will have a positive effect on the price of fixed rate debt instruments. The prices of long term debt obligations generally fluctuate more than prices of short term debt obligations as interest rates change. To the extent the DOF Funds or their underlying funds invest primarily in longer term debt obligations, commercial mortgage-backed securities or residential mortgage-backed securities, they will be impacted to a greater degree by changes in market interest rates than if the fund invested primarily in short term debt securities.
 - *Healthcare Product Risks:* The ability of the DOF Funds to generate returns for investors will depend on the success of the products (including pharmaceuticals, medical devices, delivery technologies and diagnostics) and services underlying or related to the healthcare investments made by the funds.
 - *Risks Associated with Secondary Investments:* Secondary investments may present additional risks, such as the difficulty in valuing the existing investments of an underlying fund or the possibility that the interests acquired in a secondary market transaction may be subject to contingent liabilities resulting from activity that transpired prior to the secondary investment (such as an indemnification obligation in respect of an act or omission occurring prior

to the date of the acquisition of the secondary investment). Further, a secondary investment may be subject to the consent of the underlying fund and other qualification requirements that may make such purchase or a sale of such secondary investment more difficult or, ultimately, prevent it. Additionally, valuation of secondary investments may be difficult since there generally will be no established market for such interests. The DOF Funds will also not have the opportunity to negotiate the terms of secondary investments, including any special rights and privileges.

Siguler Guff Global Emerging Markets Funds (“GEM Funds”)

Investment Strategy: The GEM Funds seek to assemble a diversified portfolio of Private Equity Funds investing in securities of companies located or doing business primarily in the emerging economies and in Direct Investment of similar companies. Historically, the investment strategy focused on the large and dynamic markets of Brazil, Russia, India and China. More recently, the investment strategy has had a primary emphasis on Brazil and China, as well as growing exposure to certain Southeast Asian, Latin American (non-Brazil), and Central and Eastern European countries. The GEM Funds’ objective is to construct a diversified portfolio of Private Equity Funds investing primarily in the emerging economies, where Siguler Guff believes there is a compelling opportunity to achieve superior returns. The selected Private Equity Funds will likely be diversified by stage, sector, investment thesis and vintage year. It is anticipated that most of the selected funds will be investing in expansion stage capital transactions, and increasingly buyouts, with relatively little investment in early stage venture capital opportunities where there is still considerable risk. The GEM Funds focus on funds that seek control, either alone or in concert with like-minded investors, of companies through majority ownership or through minority investments with a suitable package of governance rights.

The GEM Funds invest in Private Equity Funds whose sector focus include retail, branded consumer goods, IT and software, telecoms, pharmaceuticals and healthcare, financial services, media and entertainment, and alternative energy. The Private Equity Funds in the GEM Fund portfolios will have a range of investment theses, such as financial restructuring, margin expansion, industry consolidation, improved corporate governance, enhanced sales, and marketing and management techniques.

The GEM Funds will generally target Private Equity Funds managed by stable teams of experienced professionals with an established track record of success in the relevant strategy and sector, and with experience managing money for institutional quality private equity investors. The selected firms will have a clearly articulated strategy for creating/buying, building and exiting portfolio companies, consistent with the resources of the team, as well as the local deal flow, valuation discipline, capital markets expertise, and entrepreneurial and managerial talent. Investment professionals at various levels should have a financial stake in the success of the fund and the firm overall.

Risk Factors:

- *General:* Investing in the emerging markets entails greater market, credit, currency, liquidity, legal, political, technical and other risks different from, or greater than, the risks of investing in developed markets. The stock exchanges and other securities trading markets of the emerging market countries are typically more volatile than those of more developed countries. As a result, public securities holdings in the GEM portfolios might be exposed to significant market risk before they can be realized. The emerging markets economies have grown rapidly, and are projected to continue to grow to achieve rapid growth. The desirability of investing in the emerging markets is premised on continuing rapid growth. If growth rates do not meet such high expectations, the attractiveness of investing in the emerging markets could markedly decrease and could adversely impact the companies in the GEM portfolios. It must be anticipated that some investments in the GEM Fund portfolios will ultimately be unprofitable.
- *Political and Related Risks:* While many emerging markets economies have achieved relatively stable political, economic and social structures, it is possible that conditions could change materially. Investments in these countries may be more subject than those in developed markets to the risks of internal and external conflicts, currency devaluations, foreign ownership limitations and tax increases. Also, nationalization, expropriation or confiscatory taxation, currency blockage and repatriation restrictions, market disruption, political changes, security suspensions or diplomatic developments could adversely affect investments in BRIC or other emerging market countries. Diplomatic and political developments, including rapid and adverse political changes, social instability, regional conflicts, terrorism and war, could affect the economies, industries and securities and currency markets, and the value of investments, in emerging market countries. The emerging market economies might be less resilient in recovering from a natural disaster or other major adverse event than is the case for more developed economies. These factors are extremely difficult, if not impossible, to predict and could have an adverse effect on the GEM Funds' investments.
- *Inflation:* Some emerging market countries have historically experienced substantial rates of inflation. Inflation and rapid fluctuation in inflation rates have had, and may continue to have, negative effects on the economies and securities markets of certain emerging economies. In an attempt to stabilize inflation, certain emerging countries have imposed wage and price controls at times. Past governmental efforts to curb inflation have also involved more drastic economic measures that have had a materially adverse effect on the level of economic activity in the countries where such measures were employed. There can be no assurance that inflation will not become a serious problem in the future and thus have an adverse impact on the GEM Funds.
- *Weak Financial Systems:* The banking systems and other financial infrastructures, such as insurance and securities trading markets, in the emerging economies and elsewhere in emerging markets are generally thought to be considerably less robust than those in developed countries. Thus, these economies might be especially vulnerable to financial crises when credit and other capital investments become

difficult or impossible to obtain. Although both have successfully recovered, Russia and Brazil each have experienced historical episodes of default on their sovereign debt. Defaults, or even the potential for default, can create substantial risk in the capital markets. These instabilities can directly affect the value of the securities held in the GEM Funds' portfolios, and create severe financial and operating challenges for the issuers of those securities. The emerging markets tend to be characterized by a higher level of government control over, and intervention in, the economy and particular industries than in developed markets. These government actions might inhibit normal market adjustments and create volatility over the long term.

- *Legal Environment:* Although the legal systems in many emerging markets countries now recognize basic commercial relationships and rights, they still lack the extensive body of law and practice normally encountered in Western business environments. Laws and regulations in emerging market countries affecting Western business and investment, particularly those involving taxation, foreign investment and trade, can change quickly and unpredictably in a manner far more volatile than in other developed market economies. In addition, a number of the basic investor rights that are common in Western markets do not exist or are not, as a practical matter, uniformly enforceable in certain emerging market countries. In many cases, existing laws offer limited protection, at best, to minority investors. The infrastructure supporting private ownership of securities, such as reliable and independent depositories and registrars, is still in the process of development in many emerging market countries. Local law and practice could limit an investor's ability to exercise control over the companies in which it invests even in cases where it has a controlling interest. There is also uncertainty as to whether local governments will recognize or acknowledge that an investor has acquired title to any property or securities in which it invests, since there is at present in some emerging market countries no uniformly reliable system or legal framework regarding the registration of title. Organized criminal extortion and government corruption have been common in emerging market countries. Threats to property or personnel may cause an investor to cease or alter certain activities or liquidate certain investments.
- *International Sanctions:* The United States and other countries at times impose sanctions or similar restrictions prohibiting transactions with specific entities, or with any entities located in specific countries. These sanctions can preclude making an otherwise attractive investment. In addition, the applicability of sanctions regimes to particular transactions can be difficult to determine, creating the risk of inadvertently entering into a transaction that is subject to sanctions.
- *Risks Associated with the Use of Leverage:* Borrowing may occur at the Master Fund level, the Fund level, the underlying fund level or the portfolio company level, if any or all directly incur leverage in connection with a Portfolio Investment, Underlying Fund Investment or an investment by a portfolio company, as applicable. The leverage used by the Partnership and the underlying funds may take the form of indebtedness for borrowed money as well as financial leverage in the form of short sales, forward contracts, options, derivatives and other similar

transactions. Leverage may have important adverse consequences to the underlying funds, the portfolio companies and the Partnership. The amount borrowed in connection with an investment and the interest rates on those borrowings, which may fluctuate from time to time, as well as the fees and other costs of borrowing, may have a marked effect on such investment's performance. The borrower may be subject to restrictive financial and operating covenants. Leverage also may impair the borrower's ability to finance its future operations and capital needs. It is likely that any debt the Partnership, a Portfolio Investment, an Underlying Fund Investment or an investment by a portfolio company incurs will be governed by an indenture or other instrument containing covenants that may restrict its operating flexibility, including covenants that, among others, likely will limit its ability to: (i) pay distributions in certain circumstances, (ii) incur additional debt, and (iii) engage in certain transactions. As a result, its flexibility to respond to changing business and economic conditions and to business opportunities may be limited. A leveraged investment's income and net assets will tend to fluctuate at a greater rate than if leverage were not used. In addition, if an investment has a leveraged capital structure, it will be subject to increased exposure to adverse economic factors such as a significant rise in interest rates, a severe downturn in the economy or deterioration in the condition of the borrower or its industry. Furthermore, a borrower that has secured its leverage through the pledging of collateral may, if such borrower is unable to generate sufficient cash flow to meet principal and interest payments on its indebtedness, be subject to risk that a lender seizes its assets through margin calls or otherwise.

Siguler Guff Brazil Special Situations Fund ("BSSF")

Investment Strategy: BSSF will seek to invest all or substantially all of its investible assets in one or more credit rights investment funds ("FIDC") and/or investment funds in quotas of credit rights investment funds ("FICFIDC" and, together with FIDC, the "Portfolio Investments"), that will focus on investing, directly or indirectly, in any right to payment (including attorneys' fees) related to (i) Brazilian writs of payments issued in favor of a private entity against (x) the Federal government, states, municipalities and municipal treasuries and/or their authorities in respect of resolved legal claims ("Precatorios") or (y) private entities or government-related entities in respect of resolved legal claims ("Orders of Payment"), or (ii) ongoing Brazilian legal claims that generally have won the merit phase but are still in the calculation phase regarding the final amount owed ("Legal Claims"). Portfolio investments will be made in partnership substantially (but not exclusively) with two of Brazil's preeminent experts in legal claims investment space.

Risk Factors:

- *Historic Performance Not a Guarantee of Future Results:* BSSF will begin operations upon the initial closing, and has no operating history with which to evaluate its future performance. The past performance of the managers of certain of the Portfolio Investments in which BSSF will invest, and the past performance of local Brazilian advisers utilized by

BSSF in sourcing, developing and managing the Portfolio Investments do not assure future success and each of the Portfolio Investments in which the Partnership will invest might have better or worse investment performance. Even though previous activities and investments of other funds managed by Siguler Guff may have been subject to similar risk factors discussed herein, BSSF may not be able to duplicate any previous success in avoiding certain deleterious effects from the risks involved.

- *Economic Risks:* The economy of Brazil may differ favorably or unfavorably from the United States and other developed economies with regard to, among other things, the rate of growth of gross domestic product, the rate of inflation, amount of capital reinvestment, resource self-sufficiency and balance of payments. Although the Brazilian economy has become more diversified in recent years, with exports making up a smaller percentage of Brazil's gross domestic product, it is still not as diversified as some developed market economies. In addition, it is possible that exports will make up a larger percentage of Brazil's gross domestic product as the economy grows. The country's economic performance may, therefore, be susceptible to developments in the economies of its main trading partners, such as Asia, the United States, Russia and Europe. In addition, a drop in commodities, or a significant depreciation or appreciation of the Brazilian Real in relation to the currencies of its main trading partners, could adversely affect the country's balance of payment position and negatively affect the growth of its economy. More generally, a slowdown in any of the economies of Brazil's trading partners, and any other country's economy or the global economy, could materially adversely affect, either directly or indirectly, the Brazilian economy.
- *Emerging Market Risk:* BSSF will invest primarily in assets and securities located in Brazil, which may present market, credit, currency, liquidity, legal, political, technical and other risks different from, or greater than, the risks of investing in developed markets. The level of analytical sophistication, both financial and legal, necessary for successful investment in Brazil is unusually high. Therefore, it is possible that BSSF may incur losses on some or all of its Portfolio Investments.
- *Inflation Risk:* Brazil historically has experienced substantial rates of inflation. Inflation and rapid fluctuation in inflation rates have had, and may continue to have, negative effects on its economy and securities market. Past governmental efforts to curb inflation also have involved economic measures that materially adversely affected economic activity. Since the introduction of the "Real Plan" in July 1994, Brazilian inflation has been substantially lower than in previous periods. Actions by the Brazilian government to control inflation have frequently included maintaining a strict monetary policy with high interest rates, thereby restricting the availability of credit and economic growth. As a result, interest rates have fluctuated significantly. Future measures taken by the Brazilian government, including a reduction in interest rates, intervention in the foreign exchange market and actions to adjust or set the value of the Brazilian Real, may trigger increases in inflation. There can be no assurance that inflation will not become a serious problem in the future, or will not have a material adverse impact on BSSF's performance. Inflationary pressures may curtail the ability of Portfolio Investments to repay their indebtedness, reduce liquidity in the domestic capital and lending markets, adversely affect the price of Brazilian securities, lead to further government intervention in the Brazilian economy, or effect

government and government-related entities' abilities to repay their obligations, which, in turn, may materially and adversely affect the operations of BSSF and the value of its investments and other assets.

- *Weak Financial Systems:* Brazilian banking systems and other financial infrastructures, such as insurance and securities trading markets, generally are thought to be considerably less robust than those in developed markets. Therefore, the Brazilian economy may be particularly vulnerable to financial crises when credit and other capital investments become difficult or impossible to obtain. Brazil has experienced historical episodes of default on its sovereign debt, and any such future default, or even the potential for default, could directly and materially adversely affect the Portfolio Investments.
- *Political Risks:* The Brazilian government has exercised and continues to exercise substantial influence over many aspects of the Brazilian private sector, frequently intervenes in the Brazilian economy (including frequently changing monetary, taxation, credit, tariff and other policies to influence the core of Brazil's economy) and occasionally makes significant changes in policies and regulations. The Partnership and its investments could be materially affected by currency devaluations, changes to foreign currency exchange control regulations, foreign ownership limitations, tax increase, expropriation or confiscatory taxation, nationalizations; currency blockage and repatriation restrictions, renunciation of foreign debt; market disruption, political changes, security suspensions and/or adverse political or diplomatic changes, social instability, regional conflicts, terrorism and war. In the event of an expropriation or other confiscation, the Partnership could lose its entire investment in securities and other assets in Brazil.

Siguler Guff Asia Opportunities Fund ("AOF")

Investment Strategy: AOF seeks to assemble a diversified portfolio of Private Equity Funds investing in securities of companies located or doing business primarily in Asia and in Direct Investment of similar companies, with a primary focus in China. The investment strategy focuses on the large and dynamic markets of Asia, particularly China. AOF's objective is to construct a diversified portfolio of Private Equity Funds investing primarily in Asia, where Siguler Guff believes there is a compelling opportunity to achieve superior returns. The selected Private Equity Funds will likely be diversified by stage, sector, investment thesis and vintage year. It is anticipated that most of the selected funds will be investing in expansion stage capital transactions, and increasingly buyouts, with relatively little investment in early stage venture capital opportunities where there is still considerable risk.

Risk Factors:

- *Political and Related Risks:* While some Asian economies have achieved already relatively stable political, economic and social structures, it is possible that conditions could change materially during the lifetime of AOF. Investments in these countries may be more subject than those in developed markets to the risks of internal and external conflicts, currency devaluations, foreign ownership limitations and tax increases. Also, nationalization, expropriation or confiscatory taxation, currency blockage and repatriation

restrictions, market disruption, political changes, security suspensions or diplomatic developments could adversely affect investments in such Asian countries. In the event of nationalization, expropriation or other confiscation, an underlying fund or, in the case of a direct investment, AOF could lose its entire investment in the securities in such an Asian country. Diplomatic and political developments, including rapid and adverse political changes, trade wars, social instability, regional conflicts, terrorism and war, could affect the economies, industries and securities and currency markets, and the value of investments, in Asia.

- *Historic Performance Not a Guarantee of Future Results:* AOF began operations upon the initial closing and has no operating history with which to evaluate its future performance. The past performance of the sponsors of the underlying funds in which AOF will invest does not assure future success and each of the underlying funds in which AOF will invest might have better or worse investment performance than their predecessor funds. It is impossible to predict the precise conditions in Asia in the future.
- *Investing in Asian Economies – In General:* The securities in the portfolios in which AOF will invest, including direct investments, will be comprised primarily securities of companies located in or doing business in Asia, with a primary focus on China. Investing in securities of companies operating in Asia may present market, credit, currency, liquidity, legal, political, technical and other risks different from, or greater than, the risks of investing in developed markets. In addition, AOF is permitted to invest up to 25% of committed capital outside of China. AOF will seek to mitigate these risks through manager selection and diversification, but the level of analytical sophistication, both financial and legal, necessary for successful investment is unusually high. Therefore, it must be anticipated that (a) most, if not all, the underlying funds in which AOF will invest will incur losses on some positions in their portfolios, (b) one or more underlying funds in which AOF invests might be unprofitable over its investment life and (c) AOF will incur losses on some of its Direct Investments.
- *Inflation:* Some Asian countries have historically experienced substantial rates of inflation. Inflation and rapid fluctuation in inflation rates have had, and may continue to have, negative effects on the economies and securities markets of certain emerging economies. In an attempt to stabilize inflation, certain Asian countries have imposed wage and price controls at times. Past governmental efforts to curb inflation have also involved more drastic economic measures that have had a materially adverse effect on the level of economic activity in the countries where such measures were employed. There can be no assurance that inflation will not become a serious problem in the future and thus have an adverse impact on AOF.

Siguler Guff Small Buyout Opportunities Funds (“SBOF” or “SBOF Funds”)

Investment Strategy: The SBOF Funds will seek to assemble a diversified portfolio of Private Equity Funds investing in the securities of small and lower middle market companies and in Direct Investment of similar companies. The SBOF Funds will seek to construct a portfolio diversified

across the deal size continuum of the small and lower middle market, and also by investment strategy, sector, style, geography and vintage year.

The SBOF Funds invest in Private Equity Funds managed by groups the Firm considers to be market leaders who have demonstrated an investment record and philosophy consistent with Siguler Guff's small buyout investment principles. Specifically, the Firm believes that superior performance in the small buyout market is a direct result of a manager's ability to:

- i) source abundant, high quality and less competitive deal flow;
- ii) identify high margin, niche market leading companies;
- iii) avoid bidding wars and "win" deals with attributes other than paying the highest price;
- iv) seek strong alignment of interests with the seller and management team through mechanisms such as seller rollover equity, seller notes, earn outs and management investment;
- v) "buy right" and employ conservative leverage; and
- vi) invest in companies where the manager is well suited and positioned to add demonstrable value. Managers with these capabilities tend to be best positioned to generate high returns while simultaneously mitigating risk.

Risk Factors:

- *Investing in Small Buyout Funds:* The Private Equity Funds in the SBOF portfolios have relatively small capitalizations. Accordingly, the management of small buyout funds may have less operating experience than larger funds, and often have recently institutionalized their business or are in the process of doing so. Small funds may be highly dependent on a small number of key individuals and may be adversely affected by such individuals leaving their investment team.
- *Investing in Smaller and Lower Middle Market Companies:* The companies in which these small Private Equity Funds invest have enterprise values between approximately \$10 million and \$100 million. Companies of this size typically have weaker financial and human resources than larger companies, have less extensive research and development, manufacturing, marketing and/or service capabilities, and may be susceptible to competition from larger and better capitalized companies. Smaller companies often depend upon the management talents and efforts of a small group of individuals, and the loss of one or more of these individuals could have a significant impact on the investment returns from a particular company. Also, smaller companies frequently have less diverse product lines and smaller market presence than larger companies, and may not have as great an ability to raise additional capital. Smaller companies may have a shorter history of operations as compared to larger companies, which could make it more difficult to evaluate their future performance. There is often less publicly available information about smaller companies than larger companies. They are thus generally less liquid and more vulnerable to economic downturns and may experience substantial variations in operating results. It must therefore be anticipated that some investments in the SBOF Fund portfolios will ultimately be unprofitable.

- *Financing:* The Private Equity Funds in the SBOF portfolio typically will acquire companies using a mixture of fund equity and third-party debt financing. Leverage can enhance positive investment returns, but it also involves a high degree of risk. If the cash flows from an investment made using leverage (or proceeds of refinancing) are insufficient to cover interest payments and principal amortization, such use of leverage will increase the severity of the equity investors' losses, possibly causing the loss of the entire equity investment. Many of the companies in the underlying portfolios will require additional debt or equity financing during the period of the relevant investment, such as expansion financing or borrowing to refinance existing debt. The availability of financing from the debt markets is volatile in general, and this volatility is enhanced in the case of small and lower middle market companies, particularly those with existing leverage. It is possible that one or more of such companies will not be able to raise additional financing or may be able to do so only at a price or on terms which are unfavorable. Any such additional financings may dilute the ownership interests of the relevant Private Equity Fund in the company.
- *Direct Investments:* The risks relating to the securities held in the investments of the Private Equity Funds in the SBOF portfolios apply equally to Direct Investments by the SBOF portfolios. In addition, the SBOF portfolios' direct financial exposure to each Direct Investment can be expected to be significantly greater than the SBOF portfolios' indirect exposure to most single investments held in the Private Equity Funds in SBOF portfolios. Selecting, negotiating the terms of, and managing Direct Investments is likely to entail greater expense, including professional fees, than investing in funds, and the risk of litigation against the SBOF portfolios in connection with their Direct Investments is higher than is the case for investing in Private Equity Funds. To the extent a Private Equity Fund is deemed to control one of its investments or the SBOF portfolios are deemed to control a Direct Investment, such Private Equity Fund and (directly or indirectly) the SBOF portfolios may be subject to an increased risk of liabilities (for example, environmental liabilities).
- In some cases, the SBOF portfolios will make Direct Investments as part of an investment group with one or more Private Equity Funds in the portfolios, while in others the SBOF portfolios might independently invest in an opportunity in which a Private Equity Fund invests. This could cause the SBOF portfolios to be less diversified than expected. The ability of the SBOF portfolios to invest in the latter type of Direct Investment could in some cases be limited by confidentiality or other restrictions contained in the partnership agreements of Private Equity Funds in the SBOF portfolios. When Direct Investments are made as part of an investment group, the SBOF portfolios might be required to abide by decisions made by the group or its lead investor under certain circumstances, and the value of the Direct Investment could be adversely affected if the interests of the SBOF portfolios diverge from those of the group or its members. When the SBOF portfolios invest independently in a Direct Investment, however, the SBOF portfolios may not have the same level of governance rights and other protections they would enjoy as part of a larger group. Furthermore, with respect to independently-sourced Direct

Investments, the General Partner and Investment Manager may have to rely solely on their own research and analysis.

- *General Economic, Market and Political Conditions:* The success of the SBOF portfolios' activities will be affected by general economic and market conditions, changes in laws, trade barriers, currency exchange controls, and national and international political circumstances. These factors may affect the value and the liquidity of the Private Equity Funds in the SBOF portfolios and underlying investments, which could adversely affect the SBOF portfolios' profitability or result in losses.

Siguler Guff Distressed Real Estate Opportunities Funds ("DREOF" or "DREOF Funds")

Investment Strategy: The DREOF Funds will seek to assemble a portfolio of investment funds focusing on investments in various forms of real property interests, including equity interests in commercial property, commercial mortgages and commercial mortgage-backed securities, and the debt and equity securities of real estate operating companies and real estate investment trusts primarily in the United States and Europe most recently. The DREOF Funds may also invest in Direct Investment opportunities in similar situations or, for certain DREOF Funds, may make investments exclusively in Direct Investments.

Risk Factors:

- *General:* Real estate historically has experienced significant fluctuations and cycles in value and the DREOF Funds may buy and/or sell portfolio investments at less than optimal times. The marketability and value of real estate investments will depend on many factors beyond the control of the DREOF Funds, such as availability of credit, changing default and foreclosure rates, the financial condition of tenants, buyers and sellers of properties, adverse changes in zoning laws, availability and costs of insurance, the quality of the management of each property or other asset, competition from prospective buyers for and sellers of properties, cost and terms of financing, changes in general or local economic conditions or securities markets, the impact of present or future environmental legislation and compliance with environmental laws, changes in tax rates and other operating expenses, adverse changes in governmental laws, regulations and fiscal policies, energy and supply shortages, changes in the relative popularity of properties as an investment, acts of God, acts of war, terrorism, vandalism or civil unrest and other factors beyond the control of the Managed Fund. Furthermore, investments in real estate related companies are subject to additional risks, including the risk that such real estate related companies may be in an early stage of development, may not have a proven operating history, may be operating at a loss or have significant variations in operating results, may be engaged in a rapidly changing business environment with real estate and other assets subject to a substantial risk of obsolescence, may require substantial additional capital to support their operations, to finance expansion or to maintain their competitive position, may be subject to other management, employment or labor risks, may be competing with other real estate related companies with greater financial resources, more extensive

development, leasing, sales, marketing and other capabilities and a larger number of qualified personnel, or may otherwise have a weak financial condition. If any of these or similar events occur, it may adversely impact the DREOF Funds' profitability. Distressed real estate investments are issued by or relate to companies in unstable financial condition, resulting in substantial inherent risks, such as uncertainty about performance and uncertainties regarding the outcome and timing of the bankruptcy process. Because of the unusually high level of sophistication necessary for this type of investing, it must be anticipated that some investments in the portfolios will ultimately be unprofitable.

- *Distressed Risks:* Many of the risks inherent to distressed investing in general, as described above under "Siguler Guff Distressed Opportunities Fund" apply to the DREOF Funds as well.
- *Default and Foreclosure Risk:* Foreclosure of a mortgage loan can be an expensive and lengthy process which could have a substantial negative effect on the DREOF Funds' anticipated return on the foreclosed mortgage loan. A default may also delay or reduce interest payments on a mortgage loan.
- *Financing.* The Private Equity Funds in the DREOF portfolios in some cases will acquire securities using a mixture of equity and third-party debt financing. Direct Investment in some cases might also be leveraged. Leverage can enhance positive investment returns, but it also involves a high degree of risk. If the cash flows from an investment made using leverage (or proceeds of refinancing) are insufficient to cover interest payments and principal amortization, such use of leverage will increase the severity of the equity investors' losses, possibly causing the loss of the entire equity investment. Leveraged investments may be subject to early repayment if equity value declines, which can force the investor to dispose of the investment or refinance at an inopportune time. Availability of financing from the debt markets is volatile in general.
- *Unanticipated Problems and Undisclosed Liabilities:* The DREOF Funds or their underlying funds may acquire existing real estate from third parties, including off market and non-intermediated transactions, portfolio acquisitions and future purchase transactions. There can be no assurance that unanticipated problems and undisclosed liabilities or contingencies will not arise with respect to the acquired properties or that the acquired properties will achieve the anticipated rental rates or occupancy levels factored into the pricing of the transaction.
- *Risks That Properties May Contain Defects:* Real estate investments may have design, construction or other defects or problems that require unforeseen capital expenditures, special repair or maintenance expenses or the payment of damages to third parties. Engineering, seismic and other reports relied upon as part of any pre-acquisition due diligence investigations may be inaccurate or deficient, at least in part because defects may be difficult or impossible to ascertain. An investor may not be protected from liabilities arising from property defects. Furthermore, after selling a property, an investor may continue to be liable for any latent defects in such property are subsequently discovered.
- *Inability to Renovate or Develop Properties Effectively or Efficiently:* The DREOF Funds or their underlying funds may target a portion of their investments for

renovation, expansion, and development activities, which involve significant risks in addition to risks related to the ownership and operation of established properties. For example, financing may not be available on favorable terms and construction may not be completed on schedule or within budget, resulting in increased debt service expenses and construction costs and delays in leasing such properties and generating cash flow. Undeveloped land and development properties do not generate operating revenue while costs are incurred to develop the properties, and may also generate certain expenses including property taxes and insurance. Substantial renovation, expansion and development activities are also subject to risks relating to the inability to obtain, or delays in obtaining, all necessary zoning, land use, building, occupancy and other required governmental permits and authorizations. Such regulations may reduce or eliminate potential returns from investments by inhibiting or preventing planned renovations, expansion or development.

- *Risks Associated with the Use of Leverage:* Borrowing may occur at the Partnership or the underlying fund level if either or both directly incur leverage in connection with a Real Estate Investment. The leverage used by the Partnership and the underlying funds may take the form of indebtedness for borrowed money as well as financial leverage in the form of short sales, forward contracts, options, derivatives, and other similar transactions. Furthermore, a Real Estate Investment itself will typically be leveraged, irrespective of whether any borrowing occurs at the Partnership or underlying fund level with respect to such Real Estate Investment. Leverage may have important adverse consequences to these Real Estate Investments and to the Partnership and underlying funds as direct or indirect investors in these Real Estate Investments. The amount borrowed in connection with a Real Estate Investment and the interest rates on those borrowings, which may fluctuate from time to time, as well as the fees and other costs of borrowing, may have a marked effect on a leveraged Real Estate Investment's performance. Leveraged Real Estate Investments may be subject to restrictive financial and operating covenants. Leverage also may impair these Real Estate Investments' ability to finance their future operations and capital needs. As a result, these Real Estate Investments' flexibility to respond to changing business and economic conditions and to business opportunities may be limited. A leveraged Real Estate Investment's income and net assets will tend to fluctuate at a greater rate than if leverage were not used. In addition, a Real Estate Investment with a leveraged capital structure will be subject to increased exposure to adverse economic factors such as a significant rise in interest rates, a severe downturn in the economy or deterioration in the condition of that Real Estate Investment. In the event that a Real Estate Investment is unable to generate sufficient cash flow to meet principal and interest payments on its indebtedness, the value of such Real Estate Investment could be significantly reduced or even eliminated. Similar risks will apply to the Partnership and the underlying funds to the extent they incur leverage.
- *Other Risks*
 - *Leasing Problems or Tenant Bankruptcies:* The DREOF Funds may acquire leasehold interests in respect of properties that are the subject of a ground lease,

where third party owners hold the fee interest in those properties (each, a “Fee Owner”). In such cases, a landlord’s interest in such a property will be subordinate to the Fee Owner’s interest in that property, and such real estate investment will be subject not only to the potentially competing interest of the Fee Owner, but also to interests held by third parties, such as mortgages or other liens (e.g., mechanic’s liens) that encumber the Fee Owner’s fee interest and which may be superior and potentially adverse to the interests of the Partnership or its underlying funds.

- *Risks Associated with Control Strategies:* The exercise of control over a company may impose additional risks of liability for environmental damage, product defects, failure to supervise management, pension and other fringe benefits, violation of governmental regulations (including securities laws) or other types of related liability. If these liabilities were to arise, the DREOF Funds might suffer a significant loss in such investment.

Small Business Credit Opportunities Funds (“SBCOF” or “SBCOF Funds”)

Investment Strategy: SBCOF seeks to achieve attractive risk-adjusted returns by generating current income from debt investments and capital appreciation from equity investments. SBCOF will primarily invest in carefully selected companies in the lower middle market (i.e., privately-owned companies with between \$2–15 million of EBITDA, and between \$10–100 million of revenue). Investments will take the form of mezzanine debt as well as “unitranche” loans with a first lien on the company’s assets, and second lien loans. SBCOF generally will seek to purchase equity securities alongside its investments in those companies, with an aggregate cost of generally up to 20% of SBCOF’s total investment. SBCOF also may extend mezzanine financing in forms other than subordinated loans, such as convertible loans and preferred stock

Risk Factors:

- *Risks Associated with Investing in Smaller and Lower Middle Market Companies:* SBCOF is expected to invest primarily in mezzanine, unitranche and second lien loans in privately-held companies with EBITDA between approximately \$2 million and \$15 million. Companies of this size typically have weaker financial and human resources than larger companies, have less extensive research and development, manufacturing, marketing and/or service capabilities, and may be susceptible to competition from larger and better capitalized companies. Smaller companies often depend upon the management talents and efforts of a small group of individuals, and the loss of one or more of these individuals could have a significant impact on the investment returns from a particular company. Also, smaller companies frequently have less diverse product lines and smaller market presence than larger companies, and may not have as great an ability to raise additional capital. Smaller companies may have a shorter history of operations as compared to larger companies, which could make it more difficult for SBCOF to evaluate their future performance. There is often less publicly available information about smaller companies than larger companies. They are thus generally less liquid and more vulnerable to economic downturns and may experience substantial variations in operating results.

- *Leverage:* Leverage may have important adverse consequences to SBCOF and its portfolio companies. The amount borrowed in connection with an investment and the interest rates on those borrowings, which may fluctuate from time to time, as well as the fees and other costs of borrowing, may have a marked effect on such investment's performance. The borrower may be subject to restrictive financial and operating covenants. Leverage also may impair the borrowers' ability to finance their future operations and capital needs. As a result, their flexibility to respond to changing business and economic conditions and to business opportunities may be limited. A leveraged investment's income and net assets will tend to fluctuate at a greater rate than if leverage were not used. In addition, if an investment has a leveraged capital structure, it will be subject to increased exposure to adverse economic factors such as a significant rise in interest rates, a severe downturn in the economy or deterioration in the condition of the borrower or its industry. Furthermore, a borrower that has secured its leverage through the pledging of collateral may, if such borrower is unable to generate sufficient cash flow to meet principal and interest payments on its indebtedness, be subject to risk that a lender seizes its assets through margin calls or otherwise.
- *Credit Risk:* SBCOF is subject to credit risk, i.e., the risk that an issuer or borrower will default in the payment of principal and/or interest on an instrument. Credit risk also includes the risk that a counterparty to a derivatives instrument (e.g., a swap counterparty) will be unwilling or unable to meet its obligations. Financial strength and solvency of an issuer or borrower are the primary factors influencing credit risk. Degree of subordination, lack or inadequacy of collateral or credit enhancement for a debt instrument may affect SBCOF's credit risk. There are no restrictions on the credit quality of the portfolio investments. Securities in which SBCOF may invest generally will not have been rated by any rating agency, with the result that Siguler Guff must rely on its own evaluation of the financial strength of the borrower, without the benefit of rating agency research.
- *Subordination of Investments:* Portfolio investments may be in subordinated loans, structurally subordinated loans, mezzanine loans and other structured investments and preferred equity interests or equity interests of an issuer. These portfolio investments will be subordinated to the senior obligations of the property or issuer, either contractually, structurally or inherently due to the nature of the securities. Greater credit risks are usually attached to these subordinated investments than to investments in senior obligations. In addition, these securities may not be protected by financial or other covenants, such as limitations upon additional indebtedness, typically protecting the senior debt, and may have limited liquidity. Adverse changes in the borrower's financial condition and/or in general economic conditions may impair the ability of the borrower to make payments on the subordinated securities and cause it to default more quickly with respect to such securities than with respect to the borrower's senior obligations. Holders of subordinated securities are generally not entitled to receive any payments in bankruptcy or liquidation until senior creditors are paid in full. In addition, in many cases, SBCOF's management of its investment and its remedies with respect thereto, including the ability to foreclose on any collateral securing such investment will be limited by restrictions benefiting more senior lenders and contractual intercreditor provisions.

- *Interest Rate Risk:* “Interest rate risk” refers to the risks associated with market changes in interest rates. To the extent SBCOF invests primarily in longer term debt obligations, it will be impacted to a greater degree by changes in market interest rates than if it invested primarily in short term debt securities. Even in the case of debt investments that are guaranteed or insured in whole or in part, such guarantees and insurance do not protect SBCOF from declines in market value caused by changes in interest rates. However, to the extent that SBCOF holds a loan to maturity (as will generally be the case), interim changes in the value of the loan due to interest rate fluctuations will not affect SBCOF’s ultimate return on the investment, provided interest and principal are paid in a timely fashion. This “reinvestment risk” can be exacerbated to the extent borrowers can prepay their loans without significant penalties, particularly because such prepayments tend to increase as interest rates decline. Although variable or floating rate investments allow SBCOF to participate in increases in interest rates through upward adjustments of the coupon rates on such investments, during periods of increasing interest rates, changes in the coupon rates may lag behind the change in market rates or may have limits on the maximum increase in coupon rates. Alternatively, during periods of declining interest rates, the coupon rates on such investments re-adjust downward, resulting in a lower yield. Further, while increases in interest rates are generally beneficial with respect to instruments owned by SBCOF, such increases may also be detrimental to the investment itself and therefore to SBCOF, depending on the investments owned, particularly if such investment is subordinated to more senior loans. Interest rate sensitivity is generally more pronounced and less predictable in instruments with uncertain payment or prepayment schedules. Declines in market value, if not offset by any corresponding gains on hedging instruments, if any, may ultimately reduce earnings or result in losses to SBCOF.
- *Bridge Financings:* SBCOF may provide interim debt or interim equity financing to an existing or prospective portfolio company in anticipation of permanent financing. These bridge loans will typically be convertible into a term loan or permanent equity investment in the portfolio company; however, for reasons not always in Siguler Guff’s control, the anticipated long term securities issuance or other refinancing or syndication may not occur and the bridge loan may remain outstanding. In such event, the interest rate on such bridge loan may not adequately reflect the risk associated with the unsecured position taken by SBCOF.
- *Payment-In-Kind Securities:* Payment-in-kind securities (“PIKs”) are debt obligations that pay “interest” in the form of other debt obligations, instead of in cash. Because PIKs allow an issuer to avoid or delay the need to generate cash to meet current interest payments, such securities may involve greater credit risk than bonds that pay interest currently or in cash.
- *Warrants and Rights:* SBCOF may obtain and hold warrants to purchase equity securities. Warrants do not carry with them the right to dividends or voting rights with respect to the securities that they entitle their holder to purchase, and they do not represent any rights in the assets of the issuer. As a result, warrants may be considered more speculative than certain other types of investments. In addition, the market value of a warrant does not necessarily change with the market value of the underlying securities, and a warrant ceases to have market value if it is not exercised prior to its expiration date. Furthermore, the terms

of warrants or rights may limit SBCOF's ability to exercise the warrants or rights at such time, or in such quantities, as SBCOF would otherwise desire.

- *Additional Risks Associated with Portfolio Investments:* The proceeds from the issuance of SBCOF's interests are intended to be invested directly or indirectly through subsidiaries in portfolio investments. In some cases SBCOF will make investments as part of an investment group with one or more other investment funds (or with their sponsors), while in others SBCOF may independently invest in a financing opportunity (alongside another investment fund, as part of a joint venture or alone). When SBCOF invests as part of an investment group alongside another investment fund or a joint venture partner, it will typically be required to rely on the sponsor of the other investment fund or its joint venture partner to make decisions regarding the investment and, accordingly, the value of the portfolio investment could be adversely affected if the interests of SBCOF diverge from those of the sponsor, its joint venture partner or the investment group. When SBCOF invests independently, it may not have the same level of governance rights and other protections it would enjoy as part of a larger group. Furthermore, with respect to independently-sourced portfolio investments, Siguler Guff may have to rely solely on its own research and analysis.

Siguler Guff Secondary Opportunities Fund ("SOF")

Investment Strategy: SOF has been established to exploit market inefficiencies it has identified in the private equity secondary market. The SOF Team will focus on purchasing interests in investment funds on the secondary market (each such investment a "secondary"), primarily through niche special situations opportunities with a target investment size ranging from \$5 million to \$50 million. Special situations opportunities on the secondary market include purchasing interests in funds managed by distressed-focused and out-of-favor managers, side pocket liquidations and credit or value-oriented strategies. In some circumstances, SOF may re-create similar exposure to a fund interest by purchasing assets directly from a fund or entity in liquidation. On a very selective basis (up to 5% of the Partnership's committed capital) SOF may strategically allocate capital to a fund on a primary (rather than secondary) basis. SOF will use commercially reasonable efforts not to allocate more than 33% of the Partnership's committed capital to non-U.S. investments.

Risk Factors:

- *Risks Associated With Secondary Investments:* SOF is expected to invest in underlying funds that have completed their closings by purchasing an interest in any such underlying fund from affiliates or unaffiliated parties in the secondary market. In many cases, the economic, financial and other information available to and used by Siguler Guff in selecting and structuring such Secondary Investments may be incomplete or unreliable. Valuation of Secondary Investments may be difficult since there generally will be no established market for such interests. SOF will also not have the opportunity to negotiate the terms of Secondary Investments, including any special rights and privileges. Moreover, the purchase price of Secondary Investments will be subject to negotiation with the sellers of such interests and may, in certain cases, include SOF's assumption of certain contingent

liabilities resulting from activity that transpired prior to the Secondary Investment (such as an indemnification obligation in respect of an act or omission occurring prior to the date of the acquisition of the Secondary Investment). The overall performance of SOF will depend in part on the accuracy of the information available to the Investment Manager, the acquisition price paid by SOF for the Secondary Investments and the structure of such acquisitions and SOF's ultimate exposure to any assumed liabilities.

- SOF may have the opportunity to acquire a portfolio of Secondary Investments from a seller on an "all or nothing" basis. Certain of the Secondary Investments in the portfolio may be less attractive than others, and certain of the sponsors of such Secondary Investments may be more familiar to Siguler Guff than others, or may be more experienced or highly regarded than others. It may not be possible for SOF to carve out from such purchases those investments which Siguler Guff considers less attractive for commercial, tax, legal or other reasons.
- The purchase of a Secondary Investment may be structured in the form of a swap or other derivative transaction. Such arrangements may involve SOF taking on greater risk with an expected greater return or reducing their risk with corresponding reduction in the rate of return. Such arrangements may also subject SOF to the risk that the counterparty will not meet its obligations. If structured as such, the tax consequences of an investment in SOF may be different than otherwise described herein, including, for example, the amount, timing and character of distributions by SOF. In addition, SOF may invest in Secondary Investments with other investors through the use of joint ventures and similar arrangements.
- Tax laws in the United States generally require that a partnership's tax basis in its assets be adjusted with respect to a new partner who acquires an interest in such partnership if the partnership has a substantial built-in loss immediately following the transfer. When required, any such adjustment to tax basis could substantially increase the cost of, and the complexity of accounting for, transfers of interests in partnerships. Accordingly, in any such circumstance, it could become significantly more costly for SOF to acquire Secondary Investments. Further, a Secondary Investment may also be subject to the consent of the underlying fund and other qualification requirements that may make such purchase or a sale of such Secondary Investment more difficult or, ultimately, prevent it.
- Underlying fund managers use different reporting standards that may make it difficult for Siguler Guff to accurately assess the prior performance of the sponsor of an underlying fund. In addition, such reporting variances may affect the ability of Siguler Guff to accurately value and monitor underlying investments. Such variances typically involve the calculation of the internal rate of return on investment; an underlying fund may have different policies regarding the inclusion of fees due to the manager and/or investment professionals and expenses of such underlying fund when calculating the return on investment. Interests in portfolio funds may be difficult to value because it may be relatively difficult for SOF to obtain reliable valuations of the underlying investments when making investment decisions. Investors should be aware that situations involving uncertainties as to the valuation of assets could have an adverse effect on the returns of the fund.

- Sellers in certain transactions might require that Siguler Guff complete its investment analysis and come to a decision within a relatively short time. In such cases, the information available at the time of an investment decision may be limited, and the General Partner may not have access to the detailed information necessary for a thorough evaluation of the investment opportunity.
- The success of each of the Private Equity Funds in which SOF invests (and, as a result, the success of SOF itself) is subject to those risks which are inherent in private equity investments. These risks are generally related to (i) the ability of each of the underlying partnership funds to select and manage successful investment opportunities; (ii) the quality of the management of each company in which the underlying funds invest; (iii) the ability of the underlying funds to liquidate their investments; and (iv) general economic conditions. There can be no assurance that the investments made by the underlying funds will result in attractive rates of return to SOF. SOF will not be able to participate in the management and control of the underlying private equity funds in which it holds investments nor of the companies in which such funds invest. Consequently, SOF generally will not be able to control the amount or timing of distributions from the underlying funds, which may affect investors' returns.
- SOF will be highly dependent upon the capabilities of the managers of the underlying funds in which it invests. SOF will generally be a limited partner in such underlying funds without an ability to participate in their management and control and with limited ability to transfer its interest. Neither Siguler Guff nor SOF will have control over the timing of capital calls or distributions received from underlying funds, or over investment decisions made by such funds.
- *Competition for Secondary Investments:* The secondary investment market is highly competitive. SOF will be competing for Secondary Investments with other private equity investors having similar investment objectives. Further, over the past several years, an increasing number of secondary private equity funds have been formed (and many such existing funds have grown substantially in size), and additional funds with similar investment objectives may be formed in the future. It is possible that competition for appropriate investment opportunities may increase, thus reducing the number of investment opportunities available to SOF and adversely affecting the terms upon which investments can be made. There can be no assurance that SOF will be able to identify, complete and realize upon investments that satisfy its investment objective, or that it will be able to invest fully its committed capital.
- *Distressed Risks:* Many of the risks inherent to distressed investing and distressed real estate investing, as described above under "Siguler Guff Distressed Opportunities Fund," apply to SOF as well.
- *Government Regulations:* Certain portfolio investments may be in industries subject to extensive government regulation. Certain regulations may prevent the underlying funds or SOF from making certain investments that they otherwise would make. Other regulations may require the underlying funds or SOF to incur substantial additional costs or lengthy delays in connection with the completion of an investment, or substantially reduce the

value of portfolio investments or underlying fund investments. In addition, governmental regulation may not be predictable and may be subject to political, economic, social and/or market developments.

- *Follow-On Investments:* Following its initial investment in a portfolio investment or underlying fund investment, SOF or an underlying fund may have the opportunity to increase its investment in such investment. There is no assurance that SOF or such underlying fund will make follow-on investments or that SOF or such underlying fund will have sufficient resources to, or be permitted to, make such investments. Any decision not to make follow-on investments or SOF's or such underlying fund's inability to make them may have a substantial negative impact on the portfolio investment or such underlying fund investment in need of such an additional investment, may result in missed opportunities for SOF or such underlying fund or may result in dilution of SOF's or such underlying fund's investment.
- *Subordination of Investments:* Portfolio investments and/or underlying fund investments may be in subordinated loans, structurally subordinated loans, mezzanine loans, second mortgages, subordinated tranches of structured investments such as collateralized debt obligations ("CDOs") and other structured investments and preferred equity interests or equity interests of an issuer. These investments will be subordinated to the senior obligations of the property or issuer, either contractually, structurally or inherently due to the nature of the securities. Greater credit risks are usually attached to these subordinated investments than to investments in senior obligations. In addition, these securities may not be protected by financial or other covenants and may have limited liquidity. Adverse changes in the borrower's financial condition and/or in general economic conditions may impair the ability of the borrower to make payments on the subordinated securities and cause it to default more quickly with respect to such securities than with respect to the borrower's senior obligations. In many cases, SOF's or the underlying fund's management of its investment and its remedies with respect thereto, including the ability to foreclose on any collateral securing such investment, will be subject to the rights of the more senior lenders and contractual inter-creditor provisions.
- *Risks Associated With the Use of Leverage:* The leverage used by SOF and the underlying funds may take the form of indebtedness for borrowed money as well as financial leverage in the form of short sales, forward contracts, options, derivatives and other similar transactions. Leverage may have important adverse consequences to the underlying funds, the portfolio companies and SOF. The amount borrowed in connection with an investment in distressed interests and the interest rates on those borrowings, which may fluctuate from time to time, as well as the fees and other costs of borrowing, may have a marked effect on such investment's performance. The borrower may be subject to restrictive financial and operating covenants. Leverage also may impair the borrowers' ability to finance their future operations and capital needs. As a result, their flexibility to respond to changing business and economic conditions and to business opportunities may be limited. A leveraged investment's income and net assets will tend to fluctuate at a greater rate than if leverage were not used. In addition, if an investment has a leveraged capital structure, it will be subject to increased exposure to adverse economic factors such as a significant rise in interest rates, a severe downturn in the economy or deterioration in the condition of the

borrower or its industry. Furthermore, a borrower that has secured its leverage through the pledging of collateral may, if such borrower is unable to generate sufficient cash flow to meet principal and interest payments on its indebtedness, be subject to risk that a lender seizes its assets through margin calls or otherwise. SOF expects to borrow and use various lines of credit and other forms of leverage. While borrowing and leverage can increase total return, they can also increase losses. If income and appreciation on investments made with borrowed funds are less than the cost of the leverage, the value of SOF's net assets will decrease. Accordingly, any event which adversely affects the value of an investment by SOF would be magnified to the extent leverage is employed. Leveraged transactions may also involve the posting of collateral. To the extent that a creditor has a claim on SOF, such claim would be senior to the rights of SOF and the Limited Partners.

- *Product-Specific Risks:* SOF may invest in the following products, each of which present certain risks:
 - Bank Loans - Bank loans may not be readily marketable and may be subject to restrictions on resale. Purchasers of bank loans and other forms of direct indebtedness depend primarily upon the creditworthiness of the corporate or other borrower for payment of principal and interest. Bank loans usually require, in addition to scheduled payments of interest and principal, the prepayment of the bank loan from free cash flow. The degree to which borrowers prepay bank loans, whether as a contractual requirement or at their election, may be affected by general business conditions, the financial condition of the borrower and competitive conditions among lenders, among others. As such, prepayments cannot be predicted with accuracy.
 - High Yield Debt & Unrated Securities - High yield securities are typically junior to the obligations of companies to senior creditors, trade creditors and employees. High yield securities and unrated securities (which are not rated by a rating agency) may be more susceptible to real or perceived adverse economic and competitive industry conditions than investment-grade securities. Additionally, There may not be a liquid market for certain high yield debt which is held by the Partnership or its underlying funds, which could result in the Partnership or its underlying funds being unable to sell such securities for an extended period of time, if at all.
 - Corporate Debt Securities - Debt securities with longer maturities tend to be more sensitive to interest rate movements than those with shorter maturities. In addition to interest rate risk, corporate debt securities also involve the risk that the issuers of the securities may not be able to meet their obligations on interest or principal payments at the time called for by an instrument.
 - Structured Investments - Investments in structured products will be subject to a number of risks, including risks related to the fact that the structured products will often be leveraged, increasing their risk. Many structured products contain covenants designed to protect the providers of debt financing to such structured products. A failure to satisfy those covenants could result in the untimely liquidation of the structured product and a complete loss of the Partnership's or underlying funds' investment therein. The value of an investment in a structured

product will depend on the investment performance of the assets in which the structured product invests and will therefore be subject to all of the risks associated with an investment in those assets. The Partnership or its underlying funds will not own such assets directly and will therefore not benefit from general rights applicable to the holders of assets, such as the right to indemnity and the rights of setoff, or have voting rights with respect to such assets, and in such cases, all decisions related to such assets, including whether to exercise certain remedies, will be controlled by the structured product.

- Mortgage-Backed Securities (“MBS”) - Faster or slower prepayments than expected on underlying mortgage loans can increase volatility and dramatically alter the yield to maturity and effective maturity of an MBS, and early repayment of principal on some MBS may expose the Partnership and its underlying funds to a lower rate of return upon reinvestment of principal.
- Asset-Backed Securities (“ABS”) - ABS are subject to prepayment, interest rate, extension, subordination and servicing risks similar to MBS; however, ABS present certain risks that are not presented by MBS. For example, certain ABS have structural risk due to a unique characteristic known as early amortization, or early payout, risk. Built into the structure of most ABS are triggers for early payout, designed to protect investors from losses. These triggers are unique to each transaction and can include a substantial increase in defaults on the underlying loans, a sharp drop in the credit enhancement level or the bankruptcy of the originator. Once early amortization begins, all incoming loan payments are used to pay investors as quickly as possible. Moreover, debtors may be entitled to the protection of a number of state and federal consumer credit laws with respect to ABS, which may give the debtor the right to avoid payment.
- Collateralized Debt Obligations (“CDOs”) - CDOs may experience substantial losses due to, among other things, (i) the possibility that distributions from collateral securities will not be adequate to make interest or other payments; (ii) the possibility of decline in value of the collateral or default; (iii) the risk that the Partnership and its underlying funds may invest in CDOs that are subordinate to other classes; and (iv) ratings agency downgrades. Managed CDOs are also subject to the risks that the manager will not act in a way that enhances the value of the trust as a whole or of the class of securities owned by the Partnership or an underlying fund.
- Consumer Loans - These consumer loans are subject to risks of prepayment, delinquency and default similar to those present in mortgage loans. The ability of a borrower to repay any such loan is dependent on a number of factors, including the income and assets of the borrower. The U.S. Congress, regulatory agencies, and individual states may regulate the consumer credit industry in ways that make it more difficult for servicers of such loans to collect payments on such loans, resulting in reduced collections. Violation of certain provisions of these laws and regulations may limit a servicer’s ability to collect all or part of the principal of, or interest on, such loans, entitle the borrower to a refund of amounts previously paid by it, or subject the servicer to damages and sanctions.

- Options - The market value of options written by SOF will be affected by many factors, including changes in the market value of underlying securities or indices, changes in the dividend rates of underlying securities (or in the case of indices, the securities comprising such indices), changes in interest rates, changes in the actual or perceived volatility of the stock market and underlying securities, and the remaining time to an option's expiration. The market value of an option also may be adversely affected if the market for the option is reduced or becomes less liquid. If SOF writes a call option and does not hold the underlying security or instrument, the amount of SOF's potential loss is theoretically unlimited. Additionally, SOF's ability to use options as part of its investment program depends on the liquidity of the markets in those instruments. There can be no assurance that a liquid market will exist when SOF seeks to close out an option position.
- Short Sales - Because there is no upper limit on the price to which a security may rise, SOF's potential loss on a short sale is theoretically unlimited. Additionally, SOF may have to post collateral in a margin account in connection with short sales in the form of cash or other liquid securities, which can reduce the Partnership's overall return if the investment return earned on the collateral is low. Furthermore, there can be no assurance that securities that SOF wishes to short will be available to be borrowed by SOF at reasonable costs.

Siguler Guff Trade Finance Opportunities Fund ("TFOF")

Investment Strategy: TFOF seeks to structure and enter into separate accounts or joint ventures with operating partners to (i) jointly negotiate investments primarily in one or more trade finance transactions or related transactions and (ii) to own, hold, sell or otherwise dispose of such investments.

Trade finance is a generic term used to describe financing provided by commercial banks to enable international trade. Issuing banks most commonly provide short-duration letters of credit, often backed by in-shipment collateral, which guarantee payment by the receiving party to the shipping party. By inserting themselves as creditworthy intermediaries to remove cross-country counterparty risk, financial institutions facilitate global trade. Given favorable term, collateral and currency characteristics, trade finance assets generally have low credit risk. In the rush to respond to the global financial crisis with tighter regulation, regulators have imposed a relatively high capital charge on the asset class relative to its historical risk profile. Siguler Guff believes that regulation has created a disconnect between the deemed regulatory risk and the actual risk of the underlying collateral. This mispricing creates opportunity in the near - to medium-term for TFOF to provide regulatory capital relief to financial institutions.

TFOF aims to invest in trade finance regulatory capital deals by forming a series of partnerships and/or joint ventures to fund one or more transactions. Each distinct partnership will invest in bespoke and/or syndicated trade finance regulatory capital transactions. To execute each transaction, TFOF will partner with one or more operating partners.

Risk Factors:

- *Risks of Investing in Trade Finance:* Certain of TFOF's portfolio investments may be backed by commodities or other trade finance goods in transit or held in warehouses or physical assets such as factories or land, including assets which may be located in or have exposure to global emerging markets. The price of such commodities or asset collateral may be highly volatile in terms of value or subject to illiquidity at the time of a required sale. Negligence and fraud are always significant risks in transactions involving the financing of such assets. TFOF may use methods to minimize such risks but no assurance can be given that such efforts will be successful. The profitability of the investment strategy may depend on correct assessments of the future course of credit spreads on trade finance instruments and other investments. There can be no assurance that TFOF will be able to accurately predict such price movements.
- *Credit Risk:* TFOF is subject to credit risk, i.e., the risk that an issuer or borrower will default in the payment of principal and/or interest on an instrument. Trade finance related investments are subject to the credit risk of the originally transacting parties to the regulatory capital relief and other trade finance transactions. Financial strength and solvency of a party are the primary factors influencing credit risk. Degree of subordination, lack or inadequacy of collateral or credit enhancement for a trade finance related investment or transaction may affect TFOF's credit risk. There are no restrictions on the credit quality of portfolio investments. Investments in which TFOF may invest may have substantial vulnerability to default in payment of interest and/or principal, or may involve parties which are in default or in bankruptcy proceedings. Below-investment-grade (or unrated) investments will often be subordinated to other more "senior" securities of the same issuer or series. The default related risks of the underlying assets will be severely magnified in subordinated portfolio investments. Accordingly, they may experience significant price and performance volatility with respect to a variety of market and non-market factors. In general, credit risk is broadly gauged by credit ratings. Most of the portfolio investments are expected to be unrated, and it can therefore be difficult to gauge their credit risk. Trade finance investments are not listed on any stock exchange or securities market, and the established or recognized market (if any) for the investments may be relatively small and/or poorly developed and prices are unlikely to be published or readily available from an independent pricing source. Consequently, TFOF will be more dependent upon the judgment of the Investment Manager as to the credit quality of such investments. Therefore, the Investment Manager's capabilities in analyzing credit quality and associated risks will be particularly important, and there can be no assurance that the Investment Manager will be successful in this regard. With respect to investments that are rated, ratings are only the opinions of the agencies issuing them, may change less quickly than relevant circumstances, are not absolute guarantees of the quality of the investments and are subject to downgrade. Credit ratings and rating agencies have occasionally been criticized for ratings which did not fully reflect the risks of certain securities or which did not reflect such risks in a timely manner.
- *Counterparty Risk:* TFOF will be subject to credit risk with respect to the counterparties to the trade finance transactions, derivative contracts and other instruments entered into directly or indirectly by it. The Partnership will also be subject to the risk that an originating bank or another counterparty to a trade may become unwilling or unable to meet its

obligations. If a counterparty becomes bankrupt or otherwise fails to perform its obligations under a trade finance transaction or derivative contract due to financial difficulties, TFOF may experience significant delays in obtaining any recovery under such trade finance transaction or derivative contract in a bankruptcy or other reorganization proceeding. TFOF may obtain only a limited recovery or may obtain no recovery in such circumstances. In situations where TFOF is required to post margin or other collateral with a counterparty, the counterparty may fail to segregate the collateral or may commingle the collateral with the counterparty's own assets. As a result, in the event of the counterparty's bankruptcy or insolvency, TFOF's collateral may be subject to the conflicting claims of the counterparty's creditors and TFOF may be exposed to the risk of a court treating it as a general unsecured creditor of the counterparty, rather than as the owner of the collateral. TFOF's concentrated exposure to one or a small number of counterparties magnifies these risks.

- *Abundance of Capital:* Increased demand for trade finance investments could increase prices, reduce the availability of attractive investment opportunities and generally make investing in the sector less attractive. TFOF may not be able to obtain as favorable terms as it would otherwise in a less competitive environment.
- *Risks Associated with Bank Finance Products:* TFOF is expected to invest in bank finance products that are specifically linked to underlying trade finance transactions. Bank finance products may not be readily marketable and may be subject to restrictions on resale. Consequently, some investments may be difficult or impossible to dispose of readily at a fair price. In addition, bank finance products are often less liquid than other types of debt securities, particularly in times of significant market dislocation. If TFOF or an originating bank does not receive scheduled interest or principal payments, the value of TFOF's investments could be adversely affected. Additionally, if any obligor under an underlying trade finance transaction defaults on its obligations thereunder, TFOF may be required to reimburse the originating bank for a portion of the losses. To the extent that funds to meet these obligations are not held in escrow, TFOF may be required to call capital commitments, recall distributions or liquidate some or all of its investments prematurely at potentially significant discounts to market value. TFOF may invest in secured and unsecured bank finance products. There is no assurance that the liquidation of any collateral from a secured bank finance product would satisfy the borrower's obligation, or that such collateral could be liquidated. In the event of the bankruptcy of a borrower, TFOF or an originating bank could experience delays or limitations in its ability to realize the benefits of any collateral securing a bank finance product which could adversely affect TFOF's returns.
- *Risks of Investing in the Trade Industry:* TFOF may be subject to the risks posed by the trade industry in general, including: the burdens of local, national and international economic and political conditions; developments in international trade and changes in seaborne and other transportation patterns; changes in interest rates; laws and regulations and fiscal and monetary policies; changes in energy and commodities prices; exposure to emerging markets and politically unstable regions and countries; embargoes and strikes; port and canal closures; cargo and property losses or damage; maritime disasters including collisions, groundings or capsizings; natural disasters, weather patterns, storms, and climate changes; the risk of an explosion, fire or flooding; political unrest or the

interference of government agencies or political bodies, armed conflicts and war; acts of piracy; terrorist events; and other factors which are beyond the reasonable control of TFOF. The nature, timing and degree of changes in trade industry conditions are unpredictable and may be subject to long-term cyclical trends that give rise to significant volatility. In addition, because of the international nature of the trade industry, the governing law or laws with respect to the interpretation of contracts and the enforcement of remedies may be uncertain or conflicting, making it difficult for an investor to enforce its rights.

Siguler Guff Global Emerging Markets Co-Investment Fund (“GEMCo”)

Investment Strategy: GEMCo seeks to assemble a diversified portfolio of high-growth companies in the emerging market. A proportion of GEMCo’s investments may be in companies headquartered in the U.S. but utilizing talents and expertise in emerging market economies. GEMCo’s geographical focus will be heavily Asia weighted, primarily in China, India and Southeast Asia, but will opportunistically capture opportunities in Central and Eastern Europe, the MENA (Middle East & North Africa) region, and Sub-Saharan Africa.

The GEMCo team believes investments within the emerging markets present a particularly attractive investment opportunity. GEMCo is seeking capital commitments for the creation of a portfolio of market-leading companies that (i) are based in emerging markets and serve their domestic markets, (ii) utilize talents and expertise in emerging markets but operate globally, and/or (iii) generate significant growth by expanding into emerging markets.

Risk Factors:

- *Investing in International Emerging Market Economies – In General:* GEMCo’s investments will be comprised primarily of securities of companies located in or doing business in international emerging market countries which, by their nature, entail greater risks than investing in developed markets. Investing in securities of companies operating in international emerging market economies may present market, credit, currency, liquidity, legal, political, technical and other risks different from, or greater than, the risks of investing in developed markets. In addition, GEMCo is permitted to invest up to 20% of Capital Commitments in countries with limited or no business nexus to emerging market countries. GEMCo will seek to mitigate these risks through diversification, but the level of analytical sophistication, both financial and legal, necessary for successful investment is unusually high. Therefore, it must be anticipated that GEMCo will incur losses on some of its direct investments.
- *Political and Related Risks:* While international emerging market economies have achieved relatively stable political, economic and social structures, it is possible that conditions could change materially during the lifetime of the fund. Investments in these countries may be more subject than those in developed markets to the risks of internal and external conflicts, currency devaluations, foreign ownership limitations and tax increases. Also, nationalization, expropriation or confiscatory taxation, currency blockage and repatriation restrictions, market disruption, political changes, security suspensions or diplomatic developments could adversely affect investments in international emerging

market countries. In the event of a nationalization, expropriation or other confiscation, the fund could lose its entire investment in the securities in such an international emerging market country. Diplomatic and political developments, including rapid and adverse political changes, social instability, regional conflicts, terrorism and war, could affect the economies, industries and securities and currency markets, and the value of investments, in international emerging market countries. International emerging market economies might be less resilient in recovering from a natural disaster or other major adverse event than is the case for more developed economies. These factors are extremely difficult, if not impossible, to predict and could have an adverse effect on the fund's investments.

- *Inflation:* Some international emerging market countries have historically experienced substantial rates of inflation. Inflation and rapid fluctuation in inflation rates have had, and may continue to have, negative effects on the economies and securities markets of certain emerging economies. In an attempt to stabilize inflation, certain international emerging market countries have imposed wage and price controls at times. Past governmental efforts to curb inflation have also involved more drastic economic measures that have had a materially adverse effect on the level of economic activity in the countries where such measures were employed. There can be no assurance that inflation will not become a serious problem in the future and thus have an adverse impact on the fund.
- *Weak Financial Systems:* The banking systems and other financial infrastructures, such as insurance and securities trading markets, in international emerging markets are generally thought to be considerably less robust than those in developed countries. Thus, these economies might be especially vulnerable to financial crises when credit and other capital investments become difficult or impossible to obtain. A number of international emerging market countries, such as Russia and Brazil, have experienced historical episodes of default on their sovereign debt. Defaults, or even the potential for default, can create substantial risk in the capital markets. These instabilities can directly affect the value of the securities held in fund, and create severe financial and operating challenges for the issuers of those securities.

International emerging markets tend to be characterized by a higher level of government control over, and intervention in, the economy and particular industries than in developed markets. For example, in international emerging market economies, major participants in basic industries such as telecommunications, energy and transportation are still partially or fully owned or controlled by the government, and governments may seek to control currency exchange rates or interest rates by direct regulation. These government actions might inhibit normal market adjustments and create volatility over the long term.

On a more microeconomic level, the private economic sector in international emerging market economies is still developing and the establishment of competitive markets to supply raw materials, goods and equipment, as well as the sale of goods produced, can be difficult. Companies in many cases lack necessary technology, management expertise and capital, and significant retraining of the labor force in some cases is necessary. Nominal tax burdens are often high, and government officials have significant discretion to create new forms of taxation or to apply existing tax laws in an arbitrary and/or confiscatory fashion.

- *Volatile Financial Markets:* The stock exchanges and other securities trading markets of international emerging market countries are typically more volatile than those of more developed countries. As a result, public securities holdings of GEMCo (some of which might be subject to “lockups” or other restrictions on transfer) might be exposed to significant market risk before they can be realized. Furthermore, events occurring in a developed market may disproportionately impact international emerging markets, even though such event only mildly affected developed markets.
- *Investments in Early Stage Technology Companies:* GEMCo may invest in private, early stage technology companies. These companies typically have no revenues and are not profitable. They often require considerable additional capital to develop technologies and markets, acquire customers and achieve or maintain a competitive position. This capital may not be available at all, or on acceptable terms. The fund’s capital is limited and may not be adequate to protect the fund from dilution in multiple rounds of financing. Further, the technologies and markets of such companies may not develop as anticipated, even after substantial expenditures of capital. Such companies may face intense competition, including competition from established companies with much greater financial and technical resources, more extensive development, manufacturing, marketing and service capabilities, and a greater number of qualified managerial and technical personnel. In addition, at the time of the fund’s investment, a portfolio company may lack one or more key attributes (e.g., proven technology, appropriate patent protection, marketable product, complete management team or strategic alliance) necessary for success.
- *Investments in New Technologies:* Portfolio companies may invest in relatively new technologies. While investments in newly developing technologies offer the opportunity for capital appreciation, such investments also involve a higher degree of risk than more developed technologies. For example, portfolio companies working in newly developing technologies may have greater difficulty establishing product sales and marketing capabilities, identifying markets and obtaining sufficient market acceptance. Developing technologies are also more likely to have undeveloped regulatory frameworks and therefore involve greater risk that regulatory developments may adversely affect the industry.

Siguler Guff Energy Opportunities Fund (“SGEOF”)

Investment Strategy: SGEOF seeks to invest in non-operated upstream oil and gas working interest investments across multiple U.S. and Canadian basins through a joint venture (the “Joint Venture”) with Halliburton Energy Services, Inc. (“HESI”), a wholly-owned subsidiary of the Halliburton Company. The Joint Venture will target working interest drilling programs with operators sourced by Halliburton and Siguler Guff & Company, LP and its affiliates (“Siguler Guff”). Halliburton has extensive expertise and experience to efficiently exploit unconventional reserves, and has the industry knowledge and reputation to attract best-in-class oil and gas exploration and production companies to partner with the Joint Venture.

Risk Factors:

- *Production:* Exploration and production companies are particularly vulnerable to declines in the demand for and prices of crude oil and natural gas. Reductions in prices for crude oil and natural gas can cause continued production from a given reservoir to cease being economical earlier than it would if prices were higher, resulting in the plugging and abandonment of, and cessation of production from, that reservoir. In addition, lower commodity prices not only reduce revenues but also can result in substantial downward adjustments in reserve estimates. Actual oil and gas prices, development expenditures and operating expenses will vary from those assumed in reserve estimates, and these variances may be significant. Any significant variance from the assumptions used could result in the actual quantity of reserves and future net cash flow being materially different from those estimated in reserve reports. In addition, results from drilling, testing and production and changes in prices after the date of reserve estimates may result in downward revisions to such reserve estimates. Substantial downward adjustments in reserve estimates could have a material adverse effect on a given exploration and production company's financial position and results of operations and could result in acceleration of result-based loans or defaults thereunder. Actual amounts produced from such reserves may similarly vary. In addition, due to natural declines in reserves and production, exploration and production companies must economically find or acquire and develop additional reserves in order to maintain and grow their revenues and distributions.
- *Commodity Price Volatility:* The value of SGEOF's investments in oil and gas properties or working interests therein will be substantially dependent upon the market price for oil, natural gas and other hydrocarbons. Historically, the markets for hydrocarbons have been volatile and such volatility is likely to continue in the future. Various factors beyond the control of SGEOF, the Joint Venture, the General Partner, the Investment Manager or Halliburton will affect hydrocarbon prices.
- *Risks Associated With a Lack of Control:* SGEOF generally expects to rely to a significant extent on Halliburton and the oil and gas operator of the Joint Venture portfolio investment with respect to the day-to-day operation of such portfolio investments, and will generally have consent rights only with respect to major decisions. As a result, SGEOF's ability to protect its position in such asset will be limited. The success of SGEOF depends upon the ability of Siguler Guff and Halliburton to develop and implement investment strategies that achieve the Joint Venture's objectives. Subjective decisions made by Siguler Guff and/or Halliburton may cause the Joint Venture to incur losses or to miss profit opportunities on which it would otherwise have capitalized. Furthermore, the Joint Venture's engagement of Halliburton may result in higher expenses for SGEOF than would otherwise be the case if SGEOF was investing through the Joint Venture or was investing in a less highly specialized asset class.
- *General Risks Related to the Energy Industry:* Investments in the energy industry are subject to a variety of risks, not all of which can be foreseen or quantified. For example, the success of many of SGEOF's investments is likely to be affected by factors such as the following: (i) amount, nature, and timing of property acquisitions or capital expenditures; (ii) the market for oil and gas acreage or properties or working interests

therein; (iii) drilling of wells and other planned exploitation activities; (iv) timing and amount of future production of oil or gas; (v) quantities of discovered or probable, potential or proved reserves of oil or gas; (vi) marketing of and market prices of oil, gas or oil or gas properties or working interests therein generally or in any particular location; (vii) operating costs including lease operating expenses, administrative costs and other expenses; (viii) SGEOF's or the Joint Venture's future operating or financial results; (ix) cash flow and anticipated liquidity; (x) the timing, success and cost of exploration and exploitation activities; (xi) governmental and environmental regulation of the oil and gas industry; (xii) environmental liabilities relating to potential pollution arising from portfolio company operations or the operations of acquirers of acreage positions we may purchase; (xiii) industry competition, conditions, performance and consolidation; (xiv) the availability of drilling rigs and other oilfield equipment and services; and (xv) natural events.

- *Drilling, Exploration and Development:* SGEOF intends to invest (through the Joint Venture) in companies or projects that engage in oil and gas exploration and development; a speculative business involving a high degree of risk. Exploration and development companies usually have limited production, marketing, and financial resources and are, therefore, more vulnerable to the adverse impact of competition and changes in market conditions. Moreover, oil and gas drilling may involve unprofitable and unsuccessful efforts. Companies engaged in oil and gas exploration and development may expend a significant amount of capital drilling in wells that do not produce oil or gas, or in wells that are productive but do not produce sufficient net revenues to return a profit after drilling, operating and other costs.
- *Energy Regulatory Risk; Environmental Matters:* Investments in the energy sector may entail risks associated with more mature businesses and heavily regulated industries. The energy and natural resources industries are subject to comprehensive U.S. federal, state local laws and regulations as well as non-U.S. laws and regulations. Present and future statutes, rules and regulations could cause additional expenditures, decreased revenues, restrictions and delays that could materially and adversely affect the Joint Venture's investments and the prospects of the Joint Venture.
- *Environmental Liabilities:* The Joint Venture and SGEOF could face substantial risk of loss from environmental claims arising from investments made with undisclosed or unknown environmental problems or inadequate reserves or insurance for previously identified matters, as well as from occupational safety issues and concerns. Under certain circumstances, U.S. courts have held that a parent company is responsible for the environmental clean-up obligations of its subsidiary imposed by applicable laws. In the event that the Joint Venture or SGEOF is deemed to be the parent of a portfolio investment with such obligations, a U.S. court or a court of any other applicable jurisdiction might find that the Joint Venture or SGEOF is liable for such obligations. Environmental claims with respect to a specific investment may exceed the value of such investment.
- *New Technology Risk:* Historically, technology changes in the energy sector have resulted in gradual incremental improvements with no disruptive technology impacts. However, there are currently a number of scientific research institutions (including

those supported by major venture capital firms and corporations) seeking to develop technologies designed to reduce dependence upon large-scale fossil fuel generation. In the event that any such technology is successfully developed and implemented, SGEOF's and the Joint Venture's investments may be adversely affected.

- *Halliburton Influence Over Investments:* SGEOF is expected to make virtually all of its portfolio investments through the Joint Venture. The Joint Venture may be terminated under certain circumstances as more fully described in the governing agreement of the Joint Venture, which includes the Joint Venture failing to make at least one investment within the first year of it being formed. In the event the Joint Venture is terminated, SGEOF may have to find a new co-venturer, and there can be no assurance that another co-venturer with similar expertise could be found on favorable terms, or at all. Halliburton is expected to have the primary responsibility for sourcing investment opportunities for the Joint Venture. However, certain decisions of the Joint Venture, including the decision to make a new investment, will require the approval of each of Siguler Guff and Halliburton. Following the consummation of an investment by the Joint Venture, a representative of Siguler Guff will be part of an ongoing committee along with representatives of Halliburton and the operator. SGEOF generally will not, however, perform on-site, day-to-day management of portfolio investments, which will be within the purview of Halliburton or a separate oil and gas operator.