

Form ADV, Part 2A

Item 1 – Cover Page

3P EQUITY PARTNERS, LLC

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Client Brochure
CRD File #297460

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This Brochure provides information about the qualifications and business practices of 3P Equity Partners, LLC (“3P Equity”), an investment adviser registered with the Securities and Exchange Commission (“SEC”). If you have any questions about the contents of this Brochure, please contact us at (408) 983-0720 or at info@3pequity.com. The information in this brochure has not been approved or verified by the SEC or by any state securities authority. Additional information about 3P Equity also is available on the SEC’s website at www.adviserinfo.sec.gov.

3P Equity refers to itself as a “registered investment adviser” in materials distributed to current and prospective clients. As a registered investment adviser with the SEC, 3P Equity is subject to the rules and regulations adopted by the SEC under the Investment Advisers Act of 1940, as amended (the “Advisers Act”) Registration of an investment adviser does not imply any level of skill or training.

Effective April 30, 2020, 3P Equity closed its offices. The address shown on this cover page is 3P Equity’s address for the sole purpose of the retention of company records and notices, consistent with the principal place of business address identified on Form ADV, Part 1A.

This Brochure is for informational purposes only and does not constitute an offer to sell or the solicitation of an offer to purchase any interest in any entity, investment, or investment vehicle. Any such offer or solicitation will be made solely to qualified investors by means of a private placement memorandum and related subscription materials.

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Item 2 – Material Changes

In addition to the closing of 3P Equity’s offices and the change of address for the sole purpose of the retention of company records and notices disclosed on Form ADV, Part 1A, 3P Equity is disclosing the following material changes since its last annual update, as amended:

Item 9 of this Brochure has been amended to reflect that 3P Equity and AM Ventures Management, LLC (“AMVM” and together with 3P Equity, the “Advisers”) and Mr. Leonid Perelman, the Advisers’ controlling partner, *et al.*, (the “Defendants”) were the subject of a preliminary injunction (pursuant to a temporary restraining order) pending outcome of trial in a civil matter brought by the ultimate beneficiary of AM Ventures, LLC and AM Ventures II, LLC (the “Plaintiff”) restricting the Advisers and Mr. Perelman from using any cash belonging or owing to the AM Ventures, LLC and AM Ventures II, LLC bank accounts. The court subsequently ordered a stay of the proceedings in the case pending the Ninth Circuit’s resolution of an appeal contesting the district court’s pending preliminary injunction. Oral arguments were set for December 9, 2019. On November 27, 2019, however, the parties reached agreement on the material financial terms of a settlement and were instructed by the court to continue to provide updates every thirty days regarding the status of the settlement. As of the date of this filing, the parties have indeed entered into a binding settlement agreement, with the settlement transactions and termination of advisory services prescribed therein (“Settlement Transactions”) expected to be effectuated in the immediate near term.

Item 15 of this Brochure has been amended to reflect that the Advisers have submitted to a “surprise exam” for fiscal year ended 2019 in compliance with the Custody Rule (as defined herein) under the Advisers Act.

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Item 4 – Advisory Business

A. Description of 3P Equity and its Principals

3P Equity Partners, LLC (“3P Equity” or the “Firm”) was formed in 2012 as a privately held California limited liability company and is registered as an investment adviser with the SEC under the Advisers Act. 3P Equity’s principal office is located in San Jose, California. The Firm’s primary business is to (1) identify investment opportunities, (2) perform evaluation and due diligence on prospective investments, (3) complete acquisitions and/or investments, and (4) oversee development of each investment where appropriate and ultimately, (5) monetize the investments. 3P Equity is affiliated with, and has a controlling interest in AM Ventures Management, LLC (the “Manager” and together with 3P Equity, the “Advisers”), which is registered with the SEC as a “relying adviser” under 3P Equity’s SEC registration. The Advisers are private management firms with approximately \$158,500,000 in assets under management as of December 31, 2019.

Leonid Perelman is the Managing Partner and founder of the Advisers, and has a controlling interest in 3P Equity. Leonid has extensive operational experience managing a number of general manufacturing and B2B distribution businesses over the past 25 years. He is a recognized industry expert in industrial packaging and packaging machinery, having led projects in Europe, Russia and the US, and currently serves as Chairman in several industrial companies. Leonid completed his Masters Degree in Railway Engineering at Kharkiv State Academy of Railway Transportation (Ukraine).

Michael A. Fishman is a Principal of the Advisers and has a minority economic interest in 3P Equity. Michael came out of the Strategy & Operations practice at Deloitte Consulting, where he served a number of Fortune 500 clients within Life Sciences, Technology, Aerospace & Defense and Entertainment, among others. Prior to Deloitte, Michael did Merger and Acquisition work for Amgen Inc., as well as customer and marketing strategy for SBE Entertainment Group in Los Angeles. He received his Bachelor’s Degree in Economics and Psychology from the University of California, Los Angeles.

B. Advisory Services

The Advisers provide investment advisory services to AM Ventures, LLC and AK Ventures, LLC (each, a “Fund” and together, the “Funds”). The Funds are private investment funds that invest through negotiated transactions in operating entities. The Funds have been formed for the primary purpose of making investments in middle-market companies that, in the Advisers’ view, exhibit favorable fundamentals and long-term growth potential. Each Fund invests exclusively in non-public companies. The Advisers generally seek to take a controlling position when investing in a portfolio company. The Manager and/or an investment professional serves on a portfolio company’s board of directors (or equivalent governing committee) in order to represent the applicable Fund’s interests in the portfolio company.

Investors in the Funds participate in the Fund’s overall investment program through periodic capital contributions, subject to the strategies and restrictions (if any) set forth in the applicable Fund’s operating agreement as may be supplemented from time to time (each, an “Operating Agreement”). Once the capital is deployed toward an investment, the investor is issued share units valued at par and memorialized on the Fund’s books with respect to each investment. Each Fund may enter into side letters or other similar agreements with certain investors that have the effect of

establishing rights, altering or supplementing the Operating Agreement including providing informational rights, addressing regulatory matters or varying fees, carried interest and cash distribution priorities with respect to such investors.

As described below, the Advisers also provide investment advisory services to other institutional clients (together with the Funds, the “Clients”), which are typically structured as limited liability companies and are based outside of the United States. In certain cases, some of the investment vehicles used to facilitate Client investments may have corporate or other structures.

The Clients hold interests in privately held operating companies that the Advisers determine at the time of the original investment to offer optimum monetizing opportunities over time. The Advisers provide investment advice pursuant to, and subject to strategies and restrictions (if any) set forth in the applicable Client’s Operating Agreement, as supplemented from time to time, management and other agreements, as the case may be, with the applicable Client and/or any side letter agreements negotiated with investors in the applicable Client (collectively, a Client’s “Governing Documents”).

As of the date of this filing, the Advisers have agreed, pursuant to the terms of the Settlement Transactions, to terminate the existing Client Governing Documents and any management rights prescribed therein, including the Advisers’ authority to manage, control, vote on and approve investments using capital contributions made to the Funds.

C. Advisory Services to Non-U.S. Entities¹

The Advisers provide investment advisory and management services related to private company investments held by AMVM Holding d.o.o. (“AMVM Holding”), a limited liability company incorporated in the Republic of Slovenia, STM Holdings S.à.r.l. (“STM Holding”) and its wholly-owned subsidiary, STM Invest S.à.r.l. (“STM Invest” and together with STM Holding, the “STM Companies”), each of which is structured as a limited liability company incorporated in the Grand Duchy of Luxembourg, and Exitus Limited, a limited liability company incorporated in the Republic of Cyprus. STM Invest owns 100% of AM Ventures, LLC and AM Ventures II, LLC and Exitus Limited owns 100% of AK Ventures, LLC and AK Ventures II, LLC.² Each of AM Ventures II and AK Ventures II are structured as special purpose vehicles for purposes of accommodating certain tax, legal and regulatory considerations.

The Advisers provide investment advisory and management services to a privately-held operating company located in Slovenia (the “Slovenian Investment”) pursuant to a shareholder agreement (the “AMVM Holding Agreement”) with STM Invest and Exitus Limited.

AMVM Holding is affiliated with the Advisers and the Funds that they manage. The STM Companies and Exitus Limited are unaffiliated with 3P Equity. Fee structures for the non-U.S. investments are similar to those of the Funds, with certain exceptions described below.

As of the date of this filing, the Advisers have agreed, pursuant to the terms of the Settlement Transactions, to terminate the AMVM Holding Agreement and any rights prescribed

¹ For the purposes of this Brochure, “Non-U.S. Entities” means AMVM Holding d.o.o., STM Holdings S.à.r.l., STM Invest S.à.r.l. and Exitus Limited. Non-U.S. Investments held by these entities are treated as separately-managed accounts.

² For the purposes of this Brochure, references to the AM Ventures Fund includes AM Ventures II and references to the AK Ventures Fund includes AK Ventures II.

therein, including the Advisers' authority to provide advisory and management services to the Slovenian Investment.

Item 5 – Fees and Compensation

A. The Funds

The Advisers do not receive a management fee from the Funds based on investors' committed capital.

3P Equity has delegated, subject to its oversight, day-to-day responsibility for the management and operations of the Funds to the Manager. The Manager has exclusive authority to manage, control, vote on, and approve each Fund's portfolio investments pursuant to separate Operating Agreements, as amended.

The Manager provides on-going monitoring services to its company investments. Once the investment is made, in partnership with such company's management, the Manager employs specific strategies to help the company distinguish itself operationally, accelerate the growth of the business and expand the business' total addressable market.

3P Equity has partnered with Silver Sail Capital, LLC ("SSC"), an unaffiliated private equity firm located in Los Angeles, California, for assistance in managing a portion of its existing portfolio companies. SSC provides management, accounting, valuation and due diligence services to certain portfolio company investments. SSC holds a minority interest in the Manager.

As of the date of this filing, the Advisers have agreed, pursuant to the terms of the Settlement Transactions, to terminate their management rights over Client capital contributions to the Funds, including the Advisers' authority to manage, control, vote on and approve investments using capital contributions made to the Funds.

The Advisers and SSC are entitled to receive Monitoring Fees, Carried Interest and Closing Fees, as those terms are defined below and subject to any changes prescribed by the Settlement Transactions as described below.

1. Monitoring Fees

The Manager may take an active role in structuring operational improvements and strategic initiatives that it believes will position a Fund's investments to achieve both top-line and earnings results. In consideration for such management services, the Manager may receive a monitoring fee ("Monitoring Fee") for any such management services provided to any investment made by the Funds, with such amount not to exceed \$150,000 annually, payable by the applicable "operating company" with respect to each investment. The amount of the Monitoring Fee shall be determined by the Manager on a deal-by-deal basis and in its sole discretion. Generally, SSC is entitled to receive 20% of the Monitoring Fee payable to the Manager, with the balance payable to 3P Equity.

As of the date of this filing, pursuant to the terms of the Settlement Transactions, Monitoring Fees accrued and received by the Advisers since December 31, 2019 will be forfeited to the benefit of the Plaintiff via an offset mechanism that deducts any such payments from the economics of the Settlement Transactions agreed to by the parties.

2. Carried Interest

The Manager is entitled to receive a 50% Carried Interest on net profits of each investment above the 8% annual hurdle rate, with proceeds from a capital event applied to the return of the investor's unreturned capital with respect to such investment ("Carried Interest"). Carried Interest is calculated on a deal-by-deal basis in accordance with the terms of each Fund's Operating Agreement. Generally, SSC is entitled to receive 10% of the Carried Interest payable to the Manager, with the balance payable to 3P Equity.

As of the date of this filing, pursuant to the terms of the Settlement Transactions, the Advisers have agreed to release the rights to and forfeit any unrealized Carried Interest with respect to certain investments held by the Funds.

3. Investment Closing Fees

The Advisers are entitled to collect a one-time closing fee (the "Closing Fee") in connection with successful transaction closings. Closing Fees are negotiated on a deal-by-deal basis in the sole discretion of the Advisers. Generally, Closing fees are calculated based on an amount equal to (a) \$100,000 multiplied by (b) the amount of acquisition capital contributed by a Fund or Client towards such acquisition (whether equity or debt) expressed as a percentage of all acquisition capital contributed towards such acquisition (whether equity or debt) by all Funds or Clients (including any co-investment or other similar vehicles managed or under control of the Manager). Generally, SSC is entitled to receive 30% of each Closing Fee payable to the Manager, with the balance payable to 3P Equity.

Pursuant to the terms of the Settlement Transactions, the Advisers have agreed to terminate their rights to make investments using capital contributions made to the Funds, thereby forfeiting their entitlement to future Closing Fees.

4. Co-Investments

The Advisers have full discretion to cause a Fund to co-invest in certain investments with another Fund (the "Co-Invest Fund"). Under such circumstances, the Co-Invest Fund will typically bear its pro-rata share of any expenses relating to consummated investments in which it participates.

5. Special Purpose Vehicles

From time to time, the Manager may create a "special purpose vehicle" or similar structuring vehicle for purposes of accommodating certain tax, legal and regulatory considerations of investors. In the event the Manager creates such a vehicle, the Fund, and indirectly the investors thereof, will typically bear all expenses related to its organization and formation and other expenses incurred solely for the benefit of the special purpose vehicle.

6. Other Fees

Each Fund will reimburse the Manager for reasonable business expenses incurred on behalf of the Fund in an amount not to exceed \$10,000 per month.

B. Non-U.S. Investments

3P Equity has delegated, subject to its oversight, day-to-day responsibility for the management and operations of the Slovenian Investment to the Manager. Fees paid to the Advisers

by Non-U.S. Investments are negotiable and will vary. Fees will be set forth in the Manager's management agreement or other governing documents with respect to any future Non-U.S. Investment company based on the company's objectives, company fundamentals, and complexity.

1. Fees

With respect to advisory services provided to the Slovenian Investment, the Manager is entitled to receive a monitoring fee of €150,000 annually, payable by the Slovenian Investment pursuant to the oversight agreement or similar agreement (the "Oversight Agreement") of the Slovenian Investment. SSC is entitled to receive 20% of the management fee payable to the Manager, with the balance payable to 3P Equity.

In addition, the Manager is entitled to a one-time Closing Fee of €100,000. SSC is entitled to receive 30% of each Closing Fee payable to the Manager, with the balance payable to 3P Equity.

As of the date of this filing, the Advisers have agreed, pursuant to the terms of the Settlement Transactions, to terminate the Oversight Agreement and the rights to any fees prescribed therein in connection with advisory and management services provided to the Slovenian Investment.

2. Carried Interest

With respect to advisory services provided to the Slovenian Investment, the Manager is entitled to receive a 50% Carried Interest on the investment's net profits above an 8% annual hurdle rate, with proceeds from a capital event applied first to the return of the investor's unreturned capital with respect to such investment. SSC is entitled to receive 10% of the Carried Interest payable to the Manager, with the balance payable to 3P Equity.

As of the date of this filing, the Advisers have agreed, pursuant to the terms of the Settlement Transactions, to terminate the AMVM Holding Agreement and any rights prescribed therein, including the Advisers' entitlement to Carried interest in connection with the Slovenian Investment.

C. Allocation of Expenses among Funds and Non-U.S. Entities

The Advisers may have a conflict of interest in determining whether certain fees, costs and expenses incurred in the course of managing the Funds and investments on behalf of its Non-U.S. Entities (the Funds and Non-U.S. Entities, a "Client" or the "Clients") should be paid by the applicable Fund, Non-U.S. Entities, or the Advisers. Certain expenses may be the obligation of one particular Client and may be borne by such Client or, expenses may be allocated among multiple Clients. When 3P Equity or its affiliates incur an expense that is clearly attributable to, or for the benefit of, only one Client, then such expenses will be borne by such Client. When expenses are incurred that benefit more than one of (i) the Advisers, (ii) the Clients, (iii) the portfolio investments of the Clients, and (iv) third parties, the Advisers allocate such expenses in accordance with each Client's Operating Agreement or any agreement with any portfolio investment and, to the extent not addressed in such Operational Agreement or such agreement with a portfolio investment, then in the sole and absolute discretion of the Advisers, in each case using its good faith and best judgment, taking into account such factors that it determines in its sole and absolute discretion to be relevant.

D. Payment Method

Fees and expenses attributable to each Client are detailed in the applicable Governing Documents of such Client and disclosed to each investor. Generally, closing fees are payable by the participating Client(s) or its investors within 30 days following the consummation of an operating company investment. A Client's invested capital with respect to each investment is entitled to a preferred return only if, and to the extent that, the net capital appreciation of that investment exceeds net capital depreciation accumulated in prior years, as adjusted for withdrawals of capital. Allocations of profits and losses are subject to provisions set forth in the applicable Client's Governing Documents.

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

Please see response to Item 5 above. Because the Manager's Carried Interest is based on a percentage of net realized profits, it may create an incentive for the Manager to cause a Fund to make riskier or more speculative investments than would otherwise be the case.

The Advisers do not currently manage other private funds, or client assets with fee structures other than those described above.

Item 7 – Types of Clients

The Advisers provide investment advisory services to investors that must be "accredited investors" under Regulation D who are also "qualified purchasers" under Section 2(a)(51)(A) of the Investment Company Act of 1940, as amended and eligible to enter into performance-based compensation arrangement under the Advisers Act. The Advisers generally require Client investors to make representations concerning their financial sophistication and ability to bear the risk of loss of their entire investment. The Manager provides investment advice and management services subject to the direction and control of 3P Equity.

The Advisers also provide investment advisory services to certain Non-U.S. Entities as described above.

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

A. Investment Strategy

3P Equity invests mainly in mid-size companies (\$3-\$10M EBITDA) with a strong record of meeting earnings challenges and in smaller companies with significant potential for growth. 3P Equity seeks long-term investments in lower-middle market organizations that exhibit favorable fundamentals where both operational expertise and additional capital can be leveraged to significantly grow the business. 3P Equity also seeks minority (non-controlling) investments in promising early-stage, pre-earnings ventures. 3P Equity takes an active role in structuring operational improvements and strategic initiatives to achieve both top-line and earnings results, and seeks to enhance the long-term value of the portfolio companies through a balance of capital investment, financial restructuring and M&A activity.

The targeted gross IRR on investments is in the 12-18% range, depending on the holding period for the investment. The expected hold period is determined on an investment-by-investment basis. In connection with its oversight and strategic management, 3P Equity continually assesses the exit environment and potential alternatives available to its portfolio companies. With the longer-

term commitment associated with the contributed capital, the Firm believes it is able to accommodate sellers'/operators' objectives more closely and remain adaptable to changes in the marketplace or broader economy.

3P Equity evaluates each investment opportunity on its own merits, taking into account the operators' stated growth plans, financial objectives, succession or liquidity timeframes, and company fundamentals.

B. Investment Process

3P Equity has a broad mandate covering a number of segments including aerospace, automotive, fintech, hospitality, ecommerce, construction, fabrication, plastics, oil and gas, and medical devices. 3P Equity sources potential investments through trade shows and expositions, and leverages its strong relationships with investment banking professionals, third-party corporate advisers, wealth planners, existing portfolio management, as well as 3P Equity's principals and employees' personal networks to source opportunities that fit the Firm's investment criteria. 3P Equity often sources opportunities represented by sell-side advisory firms through broadly marketed auction-style bidding formats. In addition, 3P Equity may engage buy-side investment banking services to identify proprietary opportunities that may be presented to a more limited pool of buyers.

3P Equity maintains portfolio diversification by limiting exposure to any particular industry vertical, geography, business model or product/service segment. Historically, 3P Equity has limited its investments to no more than two assets in a broad spectrum of industries and implemented and maintained a strong geographic diversification strategy with investments throughout the United States and Europe.

C. Due Diligence

3P Equity principals and employees participate in conducting comprehensive industry and business analyses of each potential investment. 3P Equity broadly evaluates the risk-return profile of each portfolio company by analyzing, among other things, the company's strength of management, exposure to certain markets or customers, historical growth trajectory, and the ability to enter new markets or geographies.

D. Investment Risk

The risks listed below are specific to the Advisers' investment strategies pursued and investments made on behalf of Clients. Each of the risk factors listed below, individually or on their own, or when taken together with others, could have an adverse effect on a Client's portfolio. There can be no assurance that a Client will achieve its investment objective or that a Client's investors will receive any return on, or return of, their invested capital.

Each Client and its Client investors bear the risk of loss that the Advisers' investment strategy entails. Although the following risk factors are generally applicable to each Client, investors should review a particular Client's Governing Documents for information regarding risks specific to that Client's investment strategy. In addition, any Co-Invest Fund will generally invest in one portfolio company associated with the other Fund and therefore lack the potential benefit of diversification and will be particularly exposed to the legal and financial risks associated with that transaction, including the risk of loss. In general, the risks involved with the Advisers' investment strategy and an investment in a Client include, but are not limited to those listed below.

Investments in securities involves the risk of loss that Clients and Client investors must be prepared to bear.

Business Risks. Each Client's investment portfolio may consist primarily of securities issued by privately held companies, and operating results in a specified period will be difficult to predict. Such investments involve a high degree of business and financial risk that can result in substantial losses.

Future and Past Performance. The performance of 3P Equity' prior investments is not necessarily indicative of a Client's future results. While the Advisers intend for Clients to make investments that have estimated returns commensurate with the risks undertaken, there can be no assurances that any targeted internal rate of return will be achieved. On any given investment, loss of principal is possible.

Dynamic Investment Strategy. While the Advisers generally intend to make private equity and debt investments, the Advisers may pursue additional investment strategies and may modify or depart from the initial investment strategy, investment process and investment techniques as the Advisers determine appropriate. The Advisers may pursue investments outside of the industries and sectors in which the Advisers have previously made investments.

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

Concentration of Investments. Clients will participate in a limited number of investments and may make several investments in one industry or one industry segment or within a short period of time. As a result, a Client's investment portfolio could become highly concentrated, and the performance of a few holdings or of a particular industry may substantially affect its aggregate return.

Lack of Sufficient Investment Opportunities. The business of identifying, structuring and completing private equity transactions is highly competitive and involves a high degree of uncertainty. It is possible that the Clients will never be fully invested if enough sufficiently attractive investments are not identified.

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

Impact of Government Regulation, Reimbursement and Reform. Certain industry segments in which the Advisers intend to invest or have invested, including various segments of the financial technology, oil & gas, and automotive industry, are (or may become) (i) highly regulated at both the federal and state levels in the United States and internationally and (ii) subject to frequent regulatory change. Certain segments may be highly dependent upon various government (or

private) reimbursement programs. While the Advisers intend to invest in companies that seek to comply with applicable laws and regulations, the laws and regulations relating to certain industries, including in particular the financial technology, oil & gas, and automotive industry, are complex, may be ambiguous or may lack clear judicial or regulatory interpretive guidance. An adverse review or determination by any applicable judicial or regulatory authority of any such law or regulation, or an adverse change in applicable regulatory requirements or reimbursement programs, could have a material adverse effect on the operations and/or financial performance of the companies in which a Client invests. By way of example, the financial technology, oil & gas, and automotive industry has been, and will likely continue to be, significantly impacted by recent legislative changes, and various U.S. federal, state or local or non-U.S. legislative proposals related to such industries are introduced from time to time, which, if adopted, could have a significant impact on such industries in general and/or on companies in which a Client may invest.

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

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

Leveraged Investments. A Client may make use of leverage by incurring or having a portfolio company, including in respect of companies not rated by credit agencies, incur debt to finance a portion of its investment in a given portfolio company. Leverage generally magnifies both a Client's opportunities for gain and its risk of loss from a particular investment. The cost and availability of leverage is highly dependent on the state of the broader credit markets (and such credit markets may be impacted by regulatory restrictions and guidelines), which state is difficult to accurately forecast, and at times it may be difficult to obtain or maintain the desired degree of leverage. The use of leverage by a Client will also result in interest expense and other costs to that particular Client or portfolio company that may not be covered by distributions made to a Client (or cash receipts of the portfolio company, as the case may be) or appreciation of its investments. The

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

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

Reliance on the Advisers and Portfolio Company Management. At the outset, a private investment fund has no operating history and is entirely dependent on the Advisers. Control over the operation of a Client will be vested entirely with the Advisers and a Client's profitability depends largely upon the business and investment acumen of the Advisers' principals. The loss or reduction of service of one or more of the Advisers' principals could have an adverse effect on a Client's ability to realize its investment objectives. In addition, the Advisers' principals currently, and may in the future, manage other investment funds besides the Clients, and the Advisers' principals may need to devote substantial amounts of their time to the investment activities of such other funds, which may pose conflicts of interest in the allocation of the time of the Advisers' principals. Investors generally have no right or power to take part in the management of a Client, and, as a result, the investment performance of a Client will depend on the actions of the Advisers. In addition, certain changes in the Advisers or circumstances relating to the Advisers may have an adverse effect on a Client or one or more of its portfolio companies including potential acceleration of debt facilities. Although the Advisers will monitor the performance of each Client investment, it is primarily the responsibility of each portfolio company's management team to operate such portfolio company on a day-to-day basis. Although each Client generally intends to invest in companies with strong management or recruit strong management to such companies, there can be no assurance that the management of such companies will be able or willing to successfully operate a company in accordance with a Client's objectives.

Projections. Projected operating results of a company in which a Client invests normally will be based primarily on financial projections prepared by such company's management, with adjustments to such projections made by the Advisers in their discretion. In all cases, projections

are only estimates of future results that are based upon information received from the company and third parties and assumptions made at the time the projections are developed. There can be no assurance that the results set forth in the projections will be attained, and actual results may be significantly different from the projections. Also, general economic factors, which are not predictable, can have a material effect on the reliability of projections.

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

Additional risks include: (a) risks of economic dislocations in the host country; (b) less publicly available information; (c) less well-developed regulatory institutions; and (d) greater difficulty of enforcing legal rights in a non-U.S. jurisdiction. Moreover, non-U.S. companies may not be subject to uniform accounting, auditing and financial reporting standards, practices and requirements comparable to those that apply to U.S. companies.

Enhanced Scrutiny and Certain Effects of Potential Regulatory Changes. There continue to be discussions regarding enhanced governmental scrutiny and/or increased regulation of the private equity industry. There can be no assurance that any such scrutiny or regulation will not have an adverse impact on a Client's activities, including the ability of a Client to effectively and timely address such regulations, implement operating improvements or otherwise execute its investment strategy or achieve its investment objectives.

The combination of such scrutiny of private equity firms (along with other alternative asset managers) and their investments by various politicians, regulators and market commentators, and the public perception that certain alternative asset managers, including private equity firms, contributed to the recent downturn in the U.S. and global financial markets, may complicate or prevent a Client's efforts to structure, consummate and/or exit investments, both in general and relative to competing bidders outside of the alternative asset space. As a result, a Client may invest in fewer transactions or incur greater expenses or delays in completing or exiting investments than it otherwise would have.

Hedging Arrangements. The Advisers may (but are not obligated to) endeavor to manage a Client's or any portfolio company's currency exposures, interest rate exposures or other exposures, using hedging techniques where available and appropriate. A Client may incur costs related to such hedging arrangements, which may be undertaken in exchange-traded or over-the-counter ("OTC") contexts, including futures, forwards, swaps, options and other instruments. There can be no assurance that adequate hedging arrangements will be available on an economically viable basis or that such hedging arrangements will achieve the desired effect, and in some cases hedging arrangements may result in losses greater than if hedging had not been used.

In some cases, particularly in OTC contexts, hedging arrangements will subject a Client to the risk of a counterparty's inability or refusal to perform under a hedging contract, or the potential loss of assets held by a counterparty, custodian or intermediary in connection with such hedging.

OTC contracts may expose the Client to additional liquidity risks if such contracts cannot be adequately settled.

Certain hedging arrangements may create for the Advisers an obligation to register with the U.S. Commodity Futures Trading Commission or other regulator or comply with an applicable exemption.

Manager's Carried Interest. The fact that the Manager's Carried Interest is based on a percentage of net profits may create an incentive for the Manager to cause a Client to make riskier or more speculative investments or to hold an investment longer than otherwise would be the case.

Transfer by the Manager. To the extent the Manager, its partners, the Advisers' principals and/or their respective affiliates commit to make a direct or indirect investment in or along-side a Client, a participation in or a portion of such investment may thereafter be transferred to others, subject to any express limitations thereon in the Operating Agreement.

Director Liability. A Client will often seek to obtain the right to appoint one or more representatives to the board of directors (or similar governing body) of the companies in which it invests. Serving on the board of directors (or similar governing body) of a portfolio company exposes a Client's representatives, and ultimately that particular Client, to potential liability. Not all portfolio companies may obtain insurance with respect to such liability, and the insurance that portfolio companies do obtain may be insufficient to adequately protect officers and directors from such liability. In addition, involvement in litigation can be time consuming for such persons and can divert the attention of such persons from a Client's investment activities.

Limitation of Recourse and Indemnification. Each Client's Operating Agreement, Management Agreement or other Client Governing Documents limits the circumstances under which the Advisers and their affiliates will be held liable to that particular Client. As a result, investors may have a more limited right of action in certain cases than they would have in the absence of such provision. In addition, a Client's Governing Documents will generally provide that a Client will indemnify the Advisers and their affiliates for certain claims, losses, damages and expenses arising out of their activities on behalf of a Client. Such indemnification obligations could materially impact the returns to investors.

Litigation. In the ordinary course of its business, a Client may be subject to litigation from time to time. The outcome of such proceedings may materially adversely affect the value of a Client and may continue without resolution for long periods of time. Any litigation may consume substantial amounts of the Advisers' and the Advisers' principals' time and attention, and that time and the devotion of these resources to litigation may, at times, be disproportionate to the amounts at stake in the litigation.

Uncertain Economic, Social and Political Environment. Consumer, corporate and financial confidence may be adversely affected by current or future tensions around the world, fear of terrorist activity and/or military conflicts, localized or global financial crises or other sources of political, social or economic unrest. Such erosion of confidence may lead to or extend a localized or global economic downturn. A climate of uncertainty may reduce the availability of potential investment opportunities, and increases the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. In addition, limited availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses, in an uncertain environment or economic downturn may have an adverse effect on the economy generally and on

the ability of a Client and its portfolio companies to execute their respective strategies and to receive an attractive multiple of earnings on the disposition of businesses. This may slow the rate of future investments by a Client and result in longer holding periods for investments. Furthermore, such uncertainty or general economic downturn may have an adverse effect upon a Client's portfolio companies.

Market Conditions. Generally capital markets may experience great volatility and financial turmoil. Moreover, any governmental measures undertaken in response to such turmoil (whether regulatory or financial in nature) may have a negative effect on market conditions. General fluctuations in the market prices of securities and economic conditions generally may reduce the availability of attractive investment opportunities for a Client and may affect a Client's ability to make investments. Instability in the securities markets and economic conditions generally (including a slow-down in economic growth and/or changes in interest rates or foreign exchange rates) may also increase the risks inherent in a Client's investments and could have a negative impact on the performance and/or valuation of the portfolio companies. A Client's performance can be affected by deterioration in the capital markets and by market events, such as the onset of the credit crisis in the summer of 2007 or the downgrading of the credit rating of the United States in 2011, which, among other things, can impact the public market comparable earnings multiples used to value privately held portfolio companies and investors' risk-free rate of return. Movements in foreign exchange rates may adversely affect the value of investments in portfolio companies and a Client's performance. Volatility and illiquidity in the financial sector may have an adverse effect on the ability of a Client to sell and/or partially dispose of its portfolio company investments. Such adverse effects may include the requirement of a Client to pay break-up termination or other fees and expenses in the event the particular Client is not able to close a transaction (whether due to the lenders' unwillingness to provide previously committed financing or otherwise) and/or the inability of a Client to dispose of investments at prices that the Advisers believe reflect the fair value of such investments. The impact of the market and other economic events may also affect a Client's ability to raise funding to support its investment objective.

Deterioration of Credit Markets May Affect Ability to Finance and Consummate Investments. Any deterioration of the global credit markets can make it more difficult for investment funds, such as a Client, to obtain favorable financing for investments. A widening of credit spreads, coupled with the deterioration of the sub-prime and global debt markets and a rise in interest rates, may dramatically reduce investor demand for high yield debt and senior bank debt, which in turn can lead some investment banks and other lenders to be unwilling to finance new private equity investments or to only offer committed financing for these investments on unattractive terms. A Client's ability to generate attractive investment returns may be adversely affected to the extent a Client is unable to obtain favorable financing terms for its investments. Moreover, to the extent that such marketplace events are not temporary and continue, they may have an adverse impact on the availability of credit to businesses generally and could lead to an overall weakening of the U.S. and global economies. Such marketplace events also may restrict the ability of a Client to realize its investments at favorable times or for favorable prices.

Certain Consultants. The Advisers, Clients, existing or prospective portfolio companies or any of their affiliates may from time to time retain other companies and individuals ("Special Consultants"), which may be affiliates of the Advisers or of Silver Sail Capital, including employees of any such affiliates, any portfolio companies of other funds managed by the Manager or its affiliates, third party consultants, "operating partners," "strategic partners," "executive

partners” or “senior advisors.” The Special Consultants may be engaged to provide services to, or in connection with, the Client in relation to its activities or one or more portfolio companies in relation to the identification, acquisition, holding, improvement and disposition of such portfolio companies, including operational aspects of such companies (“Services”). Pursuant to the Operating Agreement, fees and expenses associated with the Services (collectively “Consulting Fees and Expenses”), may be paid and/or reimbursed by applicable portfolio companies and/or the Client. Consulting Fees and Expenses may, at the discretion of the Manager (taking into account the particular Services), include a profits or equity interest in a portfolio company or other incentive-based compensation to the Special Consultant, which may be determined according to one or more methods. These methods may include the value of the time (including an allocation for overhead and other fixed costs) of the Special Consultant, a percentage of the value of the portfolio company, the invested capital exposed to such portfolio company, amounts charged by other providers for comparable services and/or a percentage of cash flows from such company.

Unfunded Pension Liabilities of 80%-Owned Portfolio Companies. Recent court decisions have suggested that, where an investment fund owns 80% or more of a portfolio company, such fund (and any other 80%-owned portfolio companies of such fund) might be found liable for certain pension liabilities of such a portfolio company to the extent that portfolio company is unable to satisfy such liabilities. Although the Advisers intend to manage its investments to minimize any such exposure, a Client may, from time to time, own an 80% or greater interest in a portfolio company that has unfunded pension fund liabilities. If a Client (or other 80%-owned portfolio companies of a Client) were deemed to be liable for such pension liabilities, this could have a material adverse effect on the operations of that Client and the companies in which that Client invests 80% or more of the equity.

There is not expected to be an actively traded market for most of the securities owned by a Client. When estimating fair value, the Advisers will apply a methodology it determines to be appropriate based on accounting guidelines and the applicable nature, facts and circumstances of the respective investments. However, the process of valuing securities for which reliable market quotations are not available is based on inherent uncertainties and the resulting values may differ from values that would have been determined had an active market existed for such securities and may differ from the prices at which such securities ultimately may be sold.

Co-Investments. The Advisers may, in their sole discretion, provide or commit to provide co-investment opportunities to one or more investors and/or other persons, in each case on terms to be determined by the Advisers in their sole discretion. Conflicts of interest may arise in the allocation of such co-investment opportunities. The allocation of co-investment opportunities, which may be made to one or more persons for any number of reasons as determined by the Advisers in their sole discretion, may not be in the best interests of a Client or any individual investor. In exercising its sole discretion in connection with such co-investment opportunities, the Advisers may consider some or all of a wide range of factors, which may include the likelihood that an investor may invest in a future fund sponsored by the Advisers or their affiliates. A Client may co-invest with third parties through partnerships, joint ventures or other entities or arrangements. Such investments may involve risks not present in investments where a third-party is not involved, including the possibility that a third-party co-venturer or partner may at any time have economic or business interests or goals that are inconsistent with those of a Client, or may be in a position to take action contrary to the investment objectives of a Client. In addition, a Client may in certain

circumstances be liable for actions of its third-party co-venturer or partner. Co- investors may also have access to additional information that a Client's investors do not.

Contingent Liabilities Upon Disposition. In connection with the disposition of an investment, a Client and/or the Advisers may be required to make (and/or be responsible for another person's or entity's breach of) representations and warranties, e.g., about the business and financial affairs of the applicable portfolio company, the condition of its assets and the extent of its liabilities, in each case generally in the nature of representations and warranties typically made in connection with the sale of similar businesses, and may be responsible for the content of disclosure documents under applicable securities laws. They may also be required to indemnify the purchasers of such investment or underwriters to the extent that any such representations or disclosure documents are inaccurate. These arrangements may result in contingent liabilities, which would be borne by a Client and, ultimately, its investors.

Cyber Security Breaches and Identity Theft. Information and technology systems of the Advisers, Clients and the Clients' portfolio companies may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. If any systems designed to manage such risks are compromised, become inoperable for extended periods of time or cease to function properly, the Advisers, Clients and/or portfolio companies may have to make a significant investment to fix or replace them. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the Advisers', Clients' and/or the portfolio companies' operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to Client investors (and the beneficial owners of investors). Such a failure could harm the Advisers', Clients' or a portfolio company's reputation, subject them and their respective affiliates to legal claims and otherwise affect their business and financial performance.

Conflicts of Interest. Until such time as the Advisers are permitted to raise a successor investment fund to a Client, the Advisers' principals may pursue all appropriate investment opportunities that meet the investment criteria of the particular Client for the benefit of that Client, subject to certain exceptions set forth in the Client's Governing Documents. However, the Advisers may, in the future, manage several other investment vehicles besides Clients, including investments that may be similar to those in which Clients will be investing. Accordingly, the Advisers may direct certain relevant investment opportunities to those other investments. The Advisers' principals and investment staff will continue to manage and monitor such investment funds and investments. The Advisers believe that its and SSC's interest in the Monitoring Fees, Carried Interest, and Closing Fees operate to align the interest of the Advisers' and SSC with the interest of Client investors, although the Advisers' and SSC may have economic interests in such other investment vehicles as well and receive fees and carried interests or other fees relating to these interests. Such other investment vehicles that the Advisers' principals may control or manage may compete with a Client or companies acquired by a Client. In the event that the Advisers are permitted, and elect, to raise a successor investment fund to a Client, the Advisers will continue to manage a Client's investments, but also may, and likely will, focus investment activities on other opportunities and areas unrelated to such Client's investments. Certain investments may be allocated between Clients and any successor or predecessor fund in a manner as set forth in the respective Client's Governing Documents.

Because the Manager's Carried Interest is based on a percentage of net realized profits, it may create an incentive for a Manager to cause a Client to make riskier or more speculative investments than would otherwise be the case. In addition, because SSC holds a minority interest in the Manager, it may create an incentive for SSC to take actions or cause the Advisers to take actions that may increase fees to the benefit of SSC's portion of fees received from the Manager.

The Advisers' and SSC's principals and employees may serve as directors and officers of certain portfolio companies and, in that capacity, will be required to make decisions that consider the best interests of such portfolio company and its shareholders. In certain circumstances (for example in situations involving bankruptcy or near-insolvency of a portfolio company), actions that may be in the best interests of the portfolio company may not be in the best interests of a Client, and vice versa. Accordingly, in these situations, there may be conflicts of interests between such individual's duties as an employee of the Advisers and/or SSC and such individual's duties as a director of such portfolio company.

In addition, the Advisers, SSC and their respective affiliates and/or their personnel maintain relationships with (or may invest in) financial institutions or other service providers, some of which will invest (or will be affiliated with an investor) in, engage in transactions with and/or provide services to, the Advisers and/or their affiliates, and/or Clients.

In addition, a Client's portfolio companies may, from time to time, make discounts and other benefits available to employees in connection with products or services offered by such companies.

Item 9 – Disciplinary Information

In March 2019, the Advisers, their controlling partner and SSC were named in a complaint filed by the Plaintiff alleging unjust enrichment and breach of contract, among other claims. The matter was brought before the Honorable Consuelo Marshall of the United States District Court, Central District of California (Western Division). The Advisers planned to move for dismissal of the case on numerous grounds.

On March 19, 2019, Plaintiff filed an ex parte application for a temporary restraining order ("TRO") directing Defendants to cease use of any cash belonging or owing to bank accounts of one of the Funds (the "Cash") and an Order to Show Cause Why a Preliminary Injunction Should Not Issue restraining and enjoining Advisers from using the Cash pending trial of the action. On March 28, 2019, the Court granted Plaintiff's ex parte application for a TRO and ordered the parties to appear before the Court to show cause why Defendants should not be restrained or enjoined from using the Cash pending trial of the Action. The parties expected to appear before the Court on May 1, 2019, however on April 29, 2019 the Court rescheduled the hearing to June 5, 2019.

On June 14, 2019 the district court issued a preliminary injunction ordering Defendants to maintain in place the restrictions of the previously-issued TRO pending outcome of the trial. On June 17, 2019, Defendants filed a notice of appeal of the district court's ruling, followed by an ex-parte application for stay of preliminary injunction pending appeal. On June 24, 2019 the district court ordered a stay of proceedings in the case pending the Ninth Circuit's resolution of Defendants' appeal relating to the preliminary injunction. On September 29, 2019 the Ninth Circuit provided notice of oral argument set for December 9, 2019.

On November 27, 2019, the parties reached agreement on the material financial terms of a settlement and wrote to inform the Ninth Circuit of this development, asking the Court to continue the oral argument and hold the appeal in abeyance pending finalization of the settlement. On November 29, 2019 the Court removed oral argument from the calendar and ordered Defendants to continue updating the Court every 30 days regarding the status of the parties' settlement. Defendants have indeed informed the Court every 30 days that the parties remain in agreement on the material financial terms of a settlement and are engaged in ongoing discussions regarding the drafting of the settlement agreements. On January 31, 2020 and March 3, 2020 the Defendant parties and Plaintiff parties filed joint status reports to the district court requesting that the court maintain the stay of proceedings to allow the parties to continue working toward finalizing and signing a settlement agreement.

As of the date of this filing, the parties have indeed entered into a binding agreement and the Settlement Transactions are expected to be effectuated in the near future.

Item 10 – Other Financial Industry Activities and Affiliations

3P Equity is affiliated with AM Ventures Management, LLC, a Delaware limited liability company and relying adviser to 3P Equity's Clients. 3P Equity's principals, officers, employees and/or consultants serve the Manager in a similar capacity in providing services to the Funds. 3P Equity is also affiliated with the Funds that it sponsors and has oversight of the Manager for purposes of its carrying out the Funds' strategic operations. In addition, 3P Equity is affiliated with Utech HoldCo LLC ("UTech"), a special purpose vehicle formed to facilitate one co-investment opportunity to which no capital was deployed by the Funds and no advisory services are provided by 3P Equity, by virtue of its membership in UTech.

Item 11 – Code of Ethics

The Advisers have adopted a Code of Ethics and Insider Trading Policy (together, the "Code"), which sets forth standards of conduct that are expected of the Advisers' principals and employees and addresses conflicts that arise from personal trading. The Code requires all personnel, their families and households periodically report (i) brokerage accounts and (ii) personal securities transactions; and (iii) pre-clear certain securities transactions prior to directly or indirectly acquiring or disposing of beneficial ownership in securities, subject to limited exceptions stated in the Code. The Advisers believe that if investment goals are similar for clients and for principals and employees, it is logical and even desirable that there be common ownership of some securities. At the same time, the Advisers recognize that there is a risk that principals and employees or their affiliates will compete with clients or otherwise engage in personal securities transactions at the expense of a client's interest. In order to maintain a high standard of conduct, the Code requires that all such transactions be carried out in a way that does not conflict with the interest of any client. The Code is circulated at least annually to all employees and each employee at least annually must certify in writing that he or she has received and followed the Code and any amendments thereto. A copy of the Code will be provided to any investor or prospective investor upon request.

The Advisers, their principal and employees, may come into possession, from time to time, of material non-public or other confidential information about public companies which, if disclosed, might affect an investor's decision to buy, sell or hold a security. Under applicable law, the Advisers and their personnel would be prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any person, regardless of whether such

person is a client of the Advisers, and the Advisers will have no responsibility or liability for failing to disclose such information to Clients as a result of following the Advisers' policies and procedures designed to comply with applicable law. Similar restrictions may be applicable as a result of the Advisers' personnel serving as directors of public companies and may restrict trading on behalf of Clients. As a result, the Advisers may be prohibited from making a purchase or sale on behalf of Clients that they would otherwise make.

The Advisers' principals and employees and their affiliates may directly or indirectly own an interest in the Funds, including through a co-investment vehicle. As noted under the risk factor discussion in Item 8, the Advisers retain sole discretion with respect to the offer and allocation of any co-investment opportunities. Investors that participate in co-investments, whether directly or through a Co-Invest Fund, may be in a position to obtain additional information regarding the applicable portfolio company that may not generally be available to investors in the Fund. To the extent that co-investment vehicles exist, such vehicles may invest in one or more of the same portfolio companies as a Fund, subject to any limitations set forth in the Client's applicable Governing Documents.

The Advisers, their principals and employees may carry on investment activities for their own account and for family members, friends or others who do not invest in the Funds, and may give advice and recommend securities to vehicles which may differ from advice given to, or securities recommended or bought for, the Clients, even though their investment objectives may be the same or similar.

Item 12 – Brokerage Practices

The Advisers focus on securities transactions of private companies and generally purchase and sell such companies through privately-negotiated transactions in which the services of a broker-dealer may be retained. However, the Advisers may also distribute securities to investors in a particular Client or sell such securities, including through using a broker-dealer, if a public trading market exists. Although the Advisers do not intend to regularly engage in public securities transactions, to the extent they do so, they follow the brokerage practices described below.

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

In addition, with respect to private company securities transactions on behalf of Clients, the Manager may retain one or more broker-dealers or investment banks, the costs of which will be borne by the relevant Clients and/or their portfolio companies. In doing so, the Manager may consider a variety of factors, including: (i) capabilities with respect to the type of transaction being contemplated; (ii) commissions or fees charged; (iii) reputation of the firm being considered; and (iv) responsiveness to requests for information. As a result, although the Manager generally will seek reasonable rates for such services, the market for such services involves more subjective

evaluations than public securities brokerage transactions, and Clients may not necessarily pay the lowest commission or fee for such services.

To the extent that the Manager engages in any public securities transactions, orders for purchase or sale of securities placed first will be executed first, and within a reasonable amount of time of order receipt. To the extent that orders for Clients are completed independently, the Manager may also purchase or sell the same securities or instruments for several Clients simultaneously. From time to time, the Manager may, but is not obligated to, purchase or sell securities for several client accounts at approximately the same time. Such orders may be combined or “batched” to facilitate obtaining best execution and/or to reduce brokerage commissions or other costs. Batched transactions are executed in a manner intended to ensure that no participating Client of the Manager is favored over any other Client.

When an aggregated order is filled in its entirety, each participating Client generally will receive the average price obtained on all such purchases or sales made during such trading day. When an aggregate order is partially filled, the securities purchased or sold will normally be allocated on a *pro rata* basis to each Client participating in such buy or sell order in accordance with the amount of securities originally requested for such Clients. Each Client generally will receive the average price obtained on all such purchases or sales made during such trading day. Exceptions to *pro rata* allocations are permissible provided they are fair and equitable to Clients over time.

Item 13 – Review of Accounts

A. Oversight

The investments made on behalf of Clients are generally illiquid and long-term in nature. Accordingly, the review process is not directed towards a short-term decision to dispose of securities. 3P Equity’s team of investment professionals closely monitors its investments and provides oversight through monthly telephonic performance reviews, quarterly in-person meetings with the boards of the companies in which it invests, and an annual meeting to review company financials and strategic direction. These reviews include, without limitation, company fundamentals, earnings projections, strategic and operational management, and market and sector analyses. Reviews may be held more frequently at 3P Equity’s discretion.

B. Client Reports

The Advisers will transmit unaudited periodic investor summary reports on portfolio company investments to Clients. In addition, each Fund investor will typically receive, among other reports, a copy of the Fund’s unaudited financial statements (income statement and balance sheet) within 90 days after fiscal year end and an investor summary report on the portfolio companies held by the Funds. Each Client investor will also receive annual tax information for the completion of its individual tax returns. 3P Equity may make reports available in hardcopy or solely via electronic transmission or in electronic form on its website unless otherwise requested by a Client investor. 3P Equity, in its discretion, may provide more frequent reports and/or more detailed information to all or any Client investors.

Item 14 – Client Referrals and Other Compensation

The Advisers have not entered into placement agreements or solicitation agreements pursuant to which the Advisers compensate third parties for referrals that result in an individual or entity becoming an investor.

As described under Item 5 “Fees and Compensation,” 3P Equity has partnered with Silver Sail Capital, LLC, which provides the Manager assistance in managing a portion of a Client’s existing portfolio companies. From time to time, SSC may bring new investment opportunities to the Advisers. SSC does not receive a fee for such referrals.

Item 15 – Custody

Pursuant to the terms of each Client’s Governing Documents, the Advisers have exclusive authority to manage the affairs of their Clients, including the authority to direct any investments. Accordingly, the Advisers are deemed to have custody of the Funds’ assets and are required to comply with the Advisers Act Rule 206(4)-2, as amended (the “Custody Rule”). The Funds’ investments are primarily in privately-offered uncertificated securities that are not held with a qualified custodian and not subject to an annual audit under the Governing Documents. A capital account for each investor is recorded on the books of the Fund with respect to each Investment. The Advisers provide periodic unaudited financial statements to the Funds’ Investors and the Funds will undergo an annual “surprise examination” by an independent public accountant in compliance with the Custody Rule’s requirements. Currently, Citibank, N.A. serves as the qualified custodian for the Funds’ uninvested cash and 3P Equity believes that the custodian has provided statements of cash and securities, including transactions by the Funds to all investors at least quarterly during the 2019 fiscal year.

Item 16 – Investment Discretion

Pursuant to the terms of each Client’s Governing Documents, the Advisers have sole discretion to manage investments on behalf of Clients, to allocate funds or other assets contributed by the Advisers on the one hand, and the funds or other assets contributed by other entity or entities managed by the Manager on the other hand in connection with any future investment opportunity. As a general policy, the Advisers do not allow investors to place limitations on this discretionary authority. Client investors may enter into “side letter” arrangements with certain investors whereby the terms applicable to such investors’ investments in a Client may be altered or varied for legal, tax, regulatory or other similar reasons. Except as otherwise agreed to with an investor, the Advisers are not required to disclose the terms of side letter arrangements with other investors in the same Client.

As of the date of this filing, the Advisers have agreed, pursuant to the terms of the Settlement Transactions, to terminate the existing Client Governing Documents and any management rights prescribed therein, including the Advisers’ authority to manage, control, vote on and approve investments using capital contributions made to the Funds.

Item 17 – Voting Client Securities

The Advisers primarily invest on behalf of clients solely in privately offered securities and such assets do not require voting. The Advisers generally do not hold publicly-traded securities which possess voting rights on behalf of Clients. If the Advisers are required to vote proxies, they

will do so consistent with the best interests of its Clients and in accordance with its proxy voting policy and attempt to address any material conflicts of interest that may arise in the course of such voting.

Copies of relevant proxy logs, identifying how proxies were voted in connection with a client and copies of the Advisers' proxy voting policy is available to any client upon written request to the Chief Compliance Officer, 3P Equity Partners, LLC, 3031 Tisch Way, Suite 130, San Jose, California 95128.

Item 18 – Financial Information

The Advisers have discretionary authority of the securities that are bought and sold for its Clients. However, the Advisers do not have custody of Client funds or securities and do not require prepayment of more than \$500 in fees from clients more than six months in advance of services.

The Advisers have no financial commitments that are reasonably likely to impair their ability to meet contractual and fiduciary commitments to its Clients, nor have the Advisers been the subject of a bankruptcy petition at any time since inception.

Item 19 – Requirements for State-Registered Advisers

The Advisers are registered with the SEC and are not required to be registered at the State level.