



LONG ARC
CAPITAL

Part 2A of Form ADV The Brochure

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This brochure provides information about the qualifications and business practices of Long Arc Capital LP (“LAC”). If you have any questions about the contents of this brochure, please contact us at +1.212.430.2250 or info@longarc.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 LAC is also available on the SEC’s website at: www.adviserinfo.sec.gov.

Material Changes

Not Applicable. This is the first Form ADV Part 2A filed by LAC.

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Advisory Business

LAC provides investment advisory services to pooled investment vehicles (the “LAC Funds”, the “Funds” or “Clients”) that are exempt from registration under the Investment Company Act of 1940, as amended. The LAC Funds’ securities are not registered under the Securities Act of 1933, as amended, and are privately placed to qualified investors.

The LAC Funds include LAC INV-RAIS LP, LAC INV-Tinubu LP, LAC INV-RS, LLC, and LAC INV-RS (Offshore), LLC, each of which invests in a single portfolio company, (together, the “Single Investment Funds”) as well as Long Arc Capital Fund I, LP and Long Arc Capital Fund I (Lux) SCSp (together, “LAC Fund I”). LAC and its affiliates provide services to each LAC Fund in accordance with the limited partnership or similar governing agreement of such LAC Fund (each, a “Partnership Agreement”) and, where applicable, the investment management agreement between LAC and such LAC Fund. In connection with the structuring and marketing of a new LAC Fund, LAC or its affiliate forms a primary LAC Fund, the Partnership Agreement of which typically permits the General Partner of the primary LAC Fund to form one or more parallel funds (each, a “Parallel Fund”) or one or more alternative investment vehicles (each, an “AIV”) to accommodate the investment requirements of certain investors. Any such Parallel Fund or AIV generally will invest side by side with the primary LAC Fund in all portfolio investments on the basis of available capital. In addition, the Partnership Agreements of the LAC Funds typically allow the General Partner of the LAC Fund to establish one or more co-investment vehicles to facilitate investment by certain investors in some or all of the investments made by an LAC Fund. The term “LAC

Funds” as used herein includes co-investment vehicles, AIVs and Parallel Funds formed for such purposes in addition to the primary LAC Funds.

LAC provides investment advisory services directly to the LAC Funds and not individually to the investors of the LAC Funds. Each Partnership Agreement contains restrictions on investing in certain securities or types of securities as well as other limitations. Certain LAC Funds or their General Partners, without any further act, approval or vote of any Limited Partner, may enter into side letters or other similar agreements with certain Limited Partners. Such agreements may include, without limitation, rights or altered or supplement provisions in respect of co-investments, economic terms, excuse or exclusion from investments, timing of capital contributions, transfers of Interests in the LAC Fund, tax and structuring matters, reporting and information rights, confidentiality, notice requirements and other representations, warranties or diligence confirmations.

LAC employs a growth equity investing strategy, investing in private companies that LAC believes are poised for rapid, organic growth after reaching a critical inflection point. LAC’s primary focus is to buy majority equity stakes in businesses with high growth potential that may be young, but are fully formed, where the product-market fit has been demonstrated and where the unit economics are compelling. Within growth equity, LAC focuses on companies that create technologies, that leverage technologies, and those where technology can be transformational.

LAC is affiliated with Long Arc Capital (UK) LLP, an appointed representative of Duff & Phelps Securities Ltd. Long Arc Capital (UK) LLP is authorized and regulated by the Financial Conduct Authority.

LAC was founded in April 2016 and first reported to the SEC as an exempt reporting adviser in October 2017. LAC registered with the SEC as a registered investment adviser in September 2020 and is principally owned by Gaurav Bhandari with his affiliates.

As of June 30, 2020, LAC managed \$239 million on a discretionary basis on behalf of 6 clients.

Fees and Compensation

Single Investment Funds

LAC’s respective fee arrangements are described in the Single Investment Funds’ Partnership Agreements. Generally, LAC and its affiliates receive a performance-based “carried interest” with respect to each Limited Partner equal to 15%, 20%, or up to 30% of such Limited Partner’s investment profits in respect to such Single Investment Fund. However, LAC and its affiliates do not receive any management fees directly from LAC INV-RAIS LP, LAC INV-Tinubu LP, LC INV-RS, LLC, or LC-INV RS (Offshore), LLC; but receive monitoring or consulting fees from the underlying portfolio company held by the respective vehicles.

The Single Investment Funds also bear (to the extent not reimbursed by a portfolio company) certain costs and expenses incurred by LAC and its affiliates in connection with the operation and activities of the respective Single Investment Funds. These expenses include, but are not limited to: (i) fees,

costs and expenses of any administrators, custodians, attorneys, accountants and other professionals (including audit and certification fees and the costs of printing and distributing reports to partners), (ii) the Partnership's pro rata portion of all out-of-pocket fees, costs and expenses, if any, incurred in developing, negotiating, structuring, trading, settling, monitoring, holding and disposing of actual investments, including without limitation any financing, legal, accounting, advisory and consulting expenses in connection therewith, including, without limitation, in connection with serving as a director to a portfolio company or providing services pursuant to the monitoring agreement (to the extent not subject to any reimbursement of such costs and expenses by entities in which the partnership invests or other third parties), (iii) brokerage commissions, custodial expenses, other bank service fees and other investment costs, fees and expenses actually incurred in connection with actual investments, (iv) interest on and fees and expenses arising out of all borrowings made by the Partnership, including, but not limited to, the arranging thereof, (v) subject to the restrictions set forth elsewhere in the Partnership Agreement, the costs of any litigation, directors and officers liability or other insurance and indemnification or extraordinary expense or liability relating to the affairs of the Partnership; (vi) expenses of liquidating the Partnership, and (vii) any taxes fees or other governmental charges levied against or payable by the Partnership and all expenses incurred in connection with any tax audit, investigation, settlement or review of the Partnership.

LAC Fund I

LAC's fees are fully described in LAC Fund I's Partnership Agreement. LAC receives from LAC Fund I an annual management fee payable quarterly in advance. During the commitment period of the fund, the annual management fee is equal to 2.0% of aggregate commitments, and after the expiration of the commitment period, it is equal to 2.0% of the aggregate capital contributions that have been used to make investments and not been fully realized. The management fee may be waived, deferred, reduced or rebated in the General Partner's sole discretion, including without limitation, with respect to investments by Limited Partners who are LAC employees or affiliates.

LAC may receive monitoring fees, consulting fees, closing fees, investment banking fees, director's fees, transaction fees, management contract termination fees, corporate services fees, commitment fees, professional services fees, advisory fees, break up fees, and certain other fees from portfolio companies or proposed portfolio companies (collectively, all such foregoing fees, "Fees"). Subject to certain exceptions set forth in the Partnership Agreement, the LAC Fund I's obligation to pay the management fee will be reduced by 80% of the Fund's pro rata share (based on the Fund's proportionate ownership interest in such portfolio company) of Fees (net of unreimbursed expenses) in respect of a portfolio company (other than operations support service costs as defined in the Partnership Agreement).

LAC and its affiliates engage and retain Operating Advisers and other similar third-party professionals, none of whom are employees or affiliates of LAC and who receive Fees, equity in portfolio companies or other compensation in connection with making, managing or disposing of the LAC Fund I's investments. Any such Fees, equity or other compensation so paid to any Operating Advisers will be retained by such Operating Advisors and will not reduce the management fee.

LAC will be required to pay the costs and expenses incurred by LAC in providing for its normal operating overhead, including, but not limited to, compensation of its employees and the cost of providing relevant support and general services (e.g., office rental, secretarial, clerical and bookkeeping expenses). LAC Fund I will be responsible for all Organizational Expenses up to an aggregate cap and for all Partnership Expenses, and expenses associated with the LP Advisory Board and other advisory councils or investment committees.

“Organizational Expenses” shall mean expenses (including without limitation, fund-raising, attendance at any fundraising conferences, travel (including without limitation, transportation, accommodation and meal expenses), printing, legal, communication, marketing, administrative, mailing, courier, legal, filing, capital raising accounting, and regulatory compliance fees and/or expenses (including U.S. state “blue-sky” filings, and the initial registrations, filing and compliance contemplated by the AIFMD) incurred (whether before, on or after the date hereof and whether incurred by LAC Fund I, the General Partner, LAC or any of their respective affiliates) in connection with the planning, formation, organization, documentation, funding and start-up of LAC Fund I, the General Partner, LAC, any Parallel Fund and any Parallel Fund General Partner and in connection with the subscription by the Limited Partners for Limited Partner interests in LAC Fund I (including, without limitation, preparation and negotiations with respect to the private placement memorandum, supplements thereto, investor presentations, marketing materials, this agreement, subscription documents, any side letter or similar agreements); but not including any placement fees.

“Partnership Expenses” shall mean with respect to LAC Fund I, to the extent not reimbursed by a prospective or actual portfolio company, if any, all fees, costs, expenses, liabilities and obligations relating to LAC Fund I’s activities, investments and business (to the extent not borne or reimbursed by a portfolio company and whether or not incurred prior to the effective date of the Partnership Agreement), including, without limitation, (i) all costs, fees, expenses, liabilities and obligations incurred by the Fund, the General Partner, LAC or any other LAC person relating to the identification, evaluation, structuring, acquisition, investment, holding, managing, monitoring, operating, valuation and disposition of LAC Fund I’s investments (whether or not consummated and whether or not incurred prior to the effective date of the Partnership Agreement) (including, without limitation, indebtedness of, or guarantees made by the Fund, the General Partner, LAC, or any other person on behalf of LAC Fund I, interest on, and fees and expenses arising out of, money borrowed by the Fund or LAC or the General Partner on behalf of the Fund, registration expenses and brokerage, finders’, depository, paying agent, custodial and other fees or expenses related to hedging activities taken by the Fund and permissible under the Partnership Agreement); (ii) legal, accounting, research, auditing, advisory, administrator, custodian, consulting, finders’, investment banking, appraisal, break-up, due diligence, financing, filing, printing and other fees and expenses (including, without limitation, expenses associated with the preparation, filing and distribution of the Fund’s reporting, financial statements, tax returns, Schedule K-1 and associated or required schedules (including the costs of establishing and maintaining any portal or website in which the foregoing items are made available), other tax related forms or filings, supporting documents and information and work papers as well as fees, costs and expenses incurred in connection with any communications or inquiries with the Limited Partners (including with respect to reporting, capital calls and distributions), compliance with side letters or the amendment, waiver or supplement of any documentation relating to LAC Fund I, any alternative investment vehicles, the Parallel Fund

and the partners (or any partners of any alternative investment vehicle or Parallel Fund)); (iii) any activities with respect to protecting the confidential or non-public nature of any information or data, (including any costs and expenses incurred in connection with EU Data Protection Law or FOIA); (iv) expenses associated with the operation and actions of the LP Advisory Board; (v) travel (including business class air travel), premiums and fees relating to insurance expenses (including, without limitation, premiums and fees relating to directors and officers, general partner liability, errors and omissions, crime coverage, cybersecurity and general liability insurance), actual, threatened or otherwise anticipated litigation, mediation, arbitration or other dispute resolution process, indemnification costs and expenses and costs, expenses, liabilities and obligations with respect to judgments, other awards or settlements; (vi) all out-of-pocket fees and expenses incurred by the Fund, the General Partner or any other LAC person in connection with any conference or meeting of the Limited Partners or the LP Advisory Board, including, but not limited to entertainment, food or services provided thereat; (vii) the management fee; (viii) compliance with any law, rule, regulation, policy, directive or special measure (including in relation to privacy, data protection, know-your customer, anti-money laundering, sanctions, anti-terrorism, financial account reporting regime, AIFMD, Foreign Account Reporting Requirements or environmental, social or governance considerations), including any legal, administrator, consulting or third party service provider fees, costs and expenses related thereto and any regulatory expenses of the General Partner or LAC incurred in connection with the operation of LAC Fund I (including expenses relating to the registration and compliance of LAC under the Advisers Act, as amended (the “Advisers’ Act”)); (ix) any taxes, fees, duties and other governmental charges levied against LAC Fund I; (x) any fees, costs and expenses incurred in connection with dissolving, liquidating, winding-up and terminating LAC Fund I, the General Partner, the GP co-investment vehicle or any alternative investment vehicle, Parallel Fund, Parallel Fund General Partner or portfolio company, (xi) developing, licensing, implementing, maintaining or upgrading any web portal, extranet tools, computer software (including accounting, investor reporting and ledger systems) or other administrative, valuation, information gathering or reporting tools (including subscription-based services); (xii) fees, compensation and expenses of Operating Advisors and other third parties retained to provide management, consulting or other business services to or with respect to the Fund, its investments or potential investments and portfolio companies, (xiii) in the discretion of the General Partner, excess Organizational Expenses as described in the Partnership Agreement; and (xiv) any placement fees and other expenses paid to third parties in connection with the organization, funding and start-up of LAC Fund I.

Performance-Based Fees and Side-by-Side Management

LAC’s performance-based fees are fully described in the LAC Funds’ Partnership Agreements. Pursuant to the Partnership Agreements of the LAC Funds, the General Partner of an LAC Fund is entitled to receive “carried interest” with respect to each Limited Partner equal to 15%, 20%, or up to 30% of such Limited Partner’s investment profits in respect to such LAC Fund. This practice could present a conflict of interest because LAC has an incentive to favor LAC Funds who will pay a higher carried interest. The carried interest may create an incentive for LAC to invest an LAC Fund’s capital more speculatively than would otherwise be prudent in an effort to generate higher performance-based compensation. Such conflicts are mitigated by the fact that LAC typically has only one fund that is actively making investments at any given time, so LAC would rarely be in a position where its investment selection determinations for a particular fund could be impacted by differences in performance-based fees it earns for that fund as compared to other funds. Moreover,

LAC's compliance policies make clear that the firm is a fiduciary for its clients, must act in clients' best interests, and, to the extent possible, resolve conflicts of interests between itself and its clients in its clients' favor.

Types of Clients

As described in Item 4 above, LAC provides discretionary advisory services to the LAC Funds, privately offered pooled investment vehicles. Minimum investment commitments are established for Limited Partners in each of the LAC Funds; however, the General Partner of each LAC Fund may, in its sole discretion, permit investments below such minimum. Carried interest is generally paid out of the proceeds realized from the applicable investments of an LAC Fund.

Methods of Analysis, Investment Strategies and Risk of Loss

LAC's overriding objective is to conceive, research, identify, and successfully execute differentiated investment opportunities that generate durable and attractive risk-weighted returns for its Clients. In seeking to deliver investment outperformance over the long-term, LAC has built an investment culture that favors process over outcomes and developed what it believes to be robust, repeatable investment and ownership programs.

LAC's investment activities begin with fundamental research across sectors and themes to develop investment theses and source potential target companies. To identify businesses with sustainable, long-term growth potential, LAC emphasizes four criteria in its underwriting: competitive distinction, strong unit economics, large addressable markets, and high-quality management teams. To mitigate downside risk, LAC prefers to buy control of businesses and invest in structurally senior equity securities that have a liquidation preference.

LAC's ownership program is predicated on the belief that LAC can generate as much alpha by being "active owners" of assets as the Company can through investment selection. Accordingly, for each LAC portfolio company, the investment team develops a comprehensive "Ownership Plan," a roadmap to deliver profitable, organic growth over the life of the investment. To create the Ownership Plan, LAC leverages its six-part ownership playbook to develop a strategy, convene the requisite talent, build financial controls, develop the product roadmap, enhance the sales organization, and execute around well-defined objectives.

Despite LAC's best efforts to identify and manage promising investment opportunities for the LAC Funds, an investment in the LAC Funds entails a high degree of risk. Investors must be prepared to lose all or substantially all their investment in an LAC Fund and no assurance can be given that an LAC Fund's investment objectives will be achieved. Risks associated with an investment in an LAC Fund are described in detail in the LAC Funds' Partnership Agreements. These risks include, but are not limited to, the following:

Portfolio Company Risk, Suitable Investment Risk – The Funds will invest in a limited number of portfolio companies. Hence, the aggregate return of the Funds may be affected by the performance of a few holdings. To the extent that less capital is raised than targeted, the Funds may make fewer investments and thus be less diversified. The identification of attractive investment opportunities is difficult and involves a high degree of uncertainty. LAC anticipates encountering competition in connection with its selection of investments from other investors, some of which have greater

financial and other resources. In addition, there can be no assurance that the General Partner and/or LAC will be able to identify a sufficient number of attractive opportunities to meet the investment objectives of the Fund or deploy any amount of capital, or that the Funds will be able to negotiate favorable terms with respect to the acquisition (or disposition) of any target portfolio companies.

Risk of Private Company Investments – The Funds’ investment portfolio will consist primarily of investments in privately held entities, and results in a specified period will be difficult to predict. While private company investments offer the opportunity for significant gains, such investments also involve a high degree of business and financial risk and can result in substantial losses. Among these risks are the general risks associated with investing in companies at an early or middle stage of development, companies operating at a loss or with substantial variations in operating results from period to period and companies with the need for substantial additional capital to support expansion or to achieve or maintain a competitive position. Such companies may face intense competition, including competition from entities with greater financial resources, more extensive development, manufacturing, marketing and service capabilities and a greater number of qualified managerial and technical personnel. Many organizations operated by persons of competence and integrity have been unable to make, manage and realize a return on such investments successfully.

Illiquidity of Investments; Long-Term Investment – An investment in the Funds should be viewed as illiquid. 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, will generally occur only upon the partial or complete disposition of an investment. While an investment may be sold at any time, it is not generally expected that this will occur for a number of years after the initial investment. Prior to such time, there often will be no current return on the investments. The Funds are not intended to be short-term investments. Even if the investment strategy of the Funds proves successful, it is unlikely to produce a realized return to investors for a number of years.

Reliance on the General Partner, the Management Company (LAC) and the Portfolio Company Management – Control over the operation of the Funds will be vested entirely with LAC, and the Funds’ future profitability will depend largely upon the business and investment acumen of the investment team. The loss of service of any of the members of the investment team could have an adverse impact on the Funds’ ability to realize investment objectives. Limited Partners generally have no right or power to take part in the management of the Funds, and as a result, the investment performance of the Funds will depend entirely on the actions of LAC.

Risks upon Disposition of Investments – The success of the Funds’ exit strategies will depend upon favorable market conditions at the time of the desired exit. There can be no guarantee that such conditions will exist during the term of the Funds.

Valuation of Assets – There is not expected to be an actively traded market for most of the securities owned by the Funds. When estimating fair value, LAC 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.

Leverage – The Funds do not intend to use leverage by incurring debt directly as part of their investment strategy. Portfolio companies may incur debt to finance growth. Leverage generally magnifies both the portfolio company’s opportunities for gain and its risk of loss. In addition, to the extent the Funds provide guarantees on a portfolio company’s borrowings, such amounts may be secured by capital commitments made by the Funds’ investors and such investors’ contributions may be required to be made directly to the lenders instead of to the Funds. The failure of a portfolio company to obtain indebtedness on favorable terms (or at all) could adversely affect the returns of the Funds.

The leveraged capital structure of a portfolio company will increase the exposure of the Funds’ investment to any deterioration in such 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 the Funds’ investment in the portfolio company in a down market. In the event any portfolio company cannot generate adequate cash flow to meet debt service, a Fund may suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of the Fund. Furthermore, the companies in which a Fund will invest generally will not be rated by a credit rating agency.

Non-U.S. Investments – The Funds may invest in a number of portfolio companies located outside of the United States. Such investments may be subject to certain additional risk 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 the Fund), the application of complex United States and non-U.S. tax rules to cross-border investments, possible imposition of non-U.S. taxes on the Funds and/or the Limited Partners with respect to the Funds’ income, and possible non-U.S. tax return filing requirements for the Funds and/or the Limited Partners.

Additional risks include: (i) risks of economic dislocations in the host country, (ii) less publicly available information, (iii) less well-developed regulatory institutions, (iv) currency and exchange fluctuations and (v) 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 United States’ companies.

Technology Sector Risk – The Funds will make investments in companies engaged in technology-related industries. Technology companies are subject to intense competition and their products are at risk of rapid obsolescence, which make the investment returns of these companies particularly volatile. Factors that may significantly affect companies in the technology sector include the failure to obtain, or delays in obtaining, financing or regulatory approvals, product incompatibility, changing consumer preferences, high required corporate capital expenditure for research and development or infrastructure and development of new products.

Changes in Business Environment – The Funds’ investment programs are intended to extend over a period of years, during which the business, economic, political, regulatory, and technology

environment within which the Funds operate may undergo substantial changes, some of which may be adverse to the Funds. Furthermore, in recent years, significant economic, regulatory, and political changes have had a significant impact on the market as a whole. Funds will be subject to the risk of loss arising from exposure that it may incur, indirectly, due to the occurrence of various events including hurricanes, earthquakes, and other natural disasters, terrorism and other catastrophic events such as a pandemic.

Cybersecurity Risk – With the increased use of technologies such as the internet to conduct business, LAC, the Funds and their portfolio companies are susceptible to operational, information security and related risks. In general, cyber incidents can result from deliberate attacks or unintentional events. Cyber-attacks include, but are not limited to, gaining unauthorized access to digital systems (e.g., through “hacking” or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cyber incidents affecting LAC, the Funds, their service providers or investors have the ability to cause disruptions and impact business operations, potentially resulting in financial losses or interference with the ability to transact business, prepare reports or financial statements, and protect confidential information under applicable privacy and other laws. This could expose the Funds to regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs. Similar adverse consequences could result from cyber incidents affecting the Funds’ portfolio companies.

Disciplinary Information

LAC and its employees have not been involved in any legal or disciplinary events in the past 10 years that would be material to a client’s evaluation of the company or its personnel.

Other Financial Industry Activities and Affiliations

The General Partners are affiliated with the Adviser by common ownership. LAC is also affiliated with Long Arc Capital (UK) LLP by common ownership. In addition, LAC’s Chief Operating Officer, Katherine Kelberg, holds a Series 7 license and is a registered representative of Robertson Stephens Capital Markets LLC. Otherwise, LAC does not have any relationships or arrangements with any related persons that are material to LAC’s or its Clients’ business.

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

LAC has adopted a written code of ethics that is applicable to all employees. Among other things, the code requires LAC and its employees to act in Clients’ best interests, abide by all applicable regulations, and pre-clear and report on many types of personal securities transactions. LAC’s restrictions on personal securities trading apply to employees, as well as employees’ immediate family members living in the same household. LAC’s employees must have written pre-clearance for all transactions involving initial public offerings and private placements before completing the transactions. LAC may disapprove any proposed transaction, particularly if the transaction appears to pose a conflict of interest or otherwise appears improper. A copy of LAC’s code of ethics is available upon request.

Certain employees and affiliates of LAC invest in and alongside the LAC Funds, either through the General Partners, as direct investors in an LAC Fund, or otherwise. The respective General Partner, as applicable, may reduce all or a portion of the management fee and carried interest related to investments held by such persons. Whether and when co-investment opportunities are offered to affiliates of LAC is determined by and in accordance with the governing documents (e.g., the limited partnership agreements and private offering memorandum) of any particular LAC Fund, although generally speaking, such opportunities are within the discretion of the LAC Fund's general partner; however, co-investment opportunities will not be opened to affiliates of LAC unless and until the applicable LAC Fund will be sure to receive what LAC believes to be a full allocation of the opportunity based on the LAC Fund's investment objectives, goals, and limitations. In addition, certain LAC Funds have, from time to time, invested in other LAC Funds where doing so was determined to be in the best interests of the investing LAC Fund in order to increase its exposure to a portfolio company and as permitted by the governing documents of the LAC Funds. In such cases, neither the investing LAC Fund nor any investor therein pays any additional management or other fees to LAC or its affiliates, and any such investment determination is made solely based on the investment objectives and limitations of the LAC Funds.

Brokerage Practices

LAC focuses on making investments in private securities and does not ordinarily pay commissions to broker-dealers in connection with such investments. To the extent that LAC engages in transactions in public securities or other non-private equity investments or engages a broker-dealer with respect to a private equity investment, it intends to select counterparties based upon the counterparty's ability to provide best execution for the LAC Funds. The Compliance Manual sets forth LAC's policies and procedures with respect to seeking best execution.

LAC does not receive any soft-dollar benefits, such as research, in connection with Clients' transaction costs.

LAC does not consider the referral of investors when selecting third-party service providers that help with the implementation of investment decisions.

LAC typically has only one fund that is actively making investments at any given time, so LAC rarely has opportunities to invest simultaneously on behalf of multiple Clients. Any shared investments, such as those that might be made at the end of one LAC Fund's investment period and the beginning of a new LAC Fund, would generally be made on the same terms (unless otherwise determined appropriate in the good faith discretion of the General Partners).

Review of Accounts

The investments made by the LAC Funds are generally private, illiquid and long-term in nature. Accordingly, the review process is not directed toward short-term decisions to dispose of securities. However, the LAC investment team, including the LAC Partners, closely monitors companies in which the LAC Funds invest and generally maintains an ongoing oversight position in such companies. LAC's investment team regularly provides assistance on strategic initiatives, engages in periodic calls with senior management, conducts conference calls to review monthly reports and reviews quarterly objectives and key results at in-person board meetings, among other things.

LAC's Chief Compliance Officer periodically checks to confirm that each LAC Fund is maintained in accordance with its stated objectives.

The LAC Funds' assets are valued as set forth in the respective Partnership Agreement, the offering documents of the funds and/or the valuation policy.

Limited Partners in certain Funds that are subject to an annual audit receive annual audited financial statements and other periodic reporting such as quarterly unaudited Statement of Assets, Liabilities, and Partners' Capital, Schedule of Investment, Statement of Operations, Statement of Changes in Partners' Capital, Statement of Cash Flows, Statement of Partners' Capital, as well as a periodic investor update letter.

Investor Referrals and Other Compensation

LAC does not compensate any third parties for providing or referring clients. LAC Fund I compensates placement agents in accordance with LAC Fund I's Partnership Agreements for the marketing and sale of interests in LAC Fund I. The Partnership Agreement provides that the General Partner or LAC will bear the cost (through an offset against the management fee or otherwise) of any placement agent fees incurred in connection with the formation of LAC Fund I.

LAC employees will, in some cases, serve on a portfolio company's board of directors. In some cases, LAC employees will receive director's or other fees or remuneration from portfolio companies in connection with such employees' service on the boards of directors of such companies. Such fees or remuneration will be used to reduce, in part, the management fee owed to LAC by the applicable Client(s), or the economic benefit thereof will otherwise be provided to such Client(s), in each case in accordance with and subject to the applicable terms of the Clients' respective Partnership Agreement.

Please see the discussion regarding other fees in the "Fees and Compensation" section above.

Custody

LAC is deemed to have custody for purposes of the Advisers Act of each LAC Fund's cash and securities by virtue of its relationship with such LAC Fund's General Partner. In order to comply with SEC requirements and ensure that the LAC Funds' assets are appropriately protected, LAC and its affiliates have arranged for annual audits of the LAC Funds' assets. These audits are required to be distributed to all investors within 120 days of the LAC Funds' respective fiscal year-ends. LAC and its affiliates have also arranged for the LAC Funds' cash and securities (except for certain "privately offered securities" as such term is defined in Rule 206(4)-2 under the Advisers Act) to be held with qualified custodians.

Investment Discretion

LAC serves as the investment adviser with discretionary authority to implement investment decisions for the LAC Funds. LAC's investment decisions and advice are subject to investment advisory agreements between LAC and the LAC Funds, the Partnership Agreements, and any side letters that it executes with investors.

Voting Client Securities

LAC primarily invests in issuers that are not publicly traded, so it rarely has the opportunity to vote proxies on behalf of its Clients. If a voting opportunity does arise, LAC will vote with diligence, care and loyalty.

For corporate actions that do not pose a conflict of interest, the LAC Partner with primary responsibility for overseeing the asset in question will determine how LAC should direct the LAC Fund(s) to vote. In the presence of a conflict of interest, or the appearance of a conflict, LAC will either abstain from voting, or will ensure that it can demonstrate that the vote was cast in the best interests of the LAC Fund(s). Investors cannot direct the way in which LAC will vote on behalf of an LAC Fund.

Current and prospective investors in the LAC Funds may request a copy of LAC's written policies and procedures governing the voting of securities and corporate actions. Current investors may also request information about the way in which LAC voted in connection with assets held by the LAC Fund in which they are invested.

Financial Information

LAC has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.