



## Beringer Capital Management, Inc.

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ADV Part 2A – The Brochure  
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This Investment Adviser Brochure (“Brochure”) provides information about the qualifications and business practices of Beringer Capital Management, Inc. (“Beringer”). If you have any questions about the contents of this brochure, please contact us at the number listed above. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Beringer is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training.

Additional information about Beringer is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

Beringer has filed its initial application to register as an investment adviser with the SEC. Accordingly, there are no prior versions of the Brochure and no material changes to be noted. Pursuant to disclosure rules under the Investment Advisers Act of 1940 (the “Advisers Act”), this item will identify and discuss the material changes since the last update to assist investors and make them aware of certain information that has changed since the prior Brochure and that may be important to them. We encourage all recipients of this Brochure to read it carefully in its entirety.

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## **Item 4 – Advisory Business**

Beringer was co-founded in 2003 by Chairman and Managing Partner Perry Miele and Vice Chairman and Managing Partner Bill Kostenko. The principals of Beringer are Perry Miele, Bill Kostenko, Gil Ozir, and Luciano Cacioppo (the “Principals”). The Principals directly and indirectly jointly own and control Beringer. John Panousopoulos, serves as the firm’s Chief Compliance Officer.

Beringer provides investment management services to investment funds that are offered to qualified investors on a private placement basis. Currently, Beringer provides investment management services to Beringer Capital Fund IV L.P., an Ontario Limited Partnership established for Canadian investors (the “Canadian Fund”) and Beringer Capital Fund IV (NR) L.P. established for non-canadian investors (the “Non-Resident Fund” and, together with the Canadian Fund, the “Funds” or “clients”). Beringer Capital (GP) IV L.P. is the General Partner of the Funds. In addition, Beringer provides investment management services to Beringer Capital Fund III L.P. (“Fund III”). Beringer Capital (GP)\_III L.P. is the General Partner of Fund III. Nearly all of Fund III’s investments have been realized. Fund III remains entitled to certain contingent payments in respect of its realized investments, including escrowed portions of the proceeds of disposition and earn out payments. Fund III is no longer being offered to investors.

Beringer has full discretionary authority with respect to investment decisions for the Funds, and its advice is made in accordance with the investment objectives and guidelines set forth in each Fund’s offering memorandum.

This Brochure does not constitute an offer to sell or solicitation of an offer to buy any securities. Persons reviewing this Brochure should not construe this as an offer to sell or solicitation of an offer to buy the securities of any of the Funds described herein. Any such offer or solicitation will be made only by means of the offering memorandum.

Beringer’s advisory services for the Funds are detailed in the applicable offering memorandum, investment management agreement, limited partnership agreement or other offering document, operating agreement or governing document, and are further described below under “Methods of Analysis, Investment Strategies and Risk of Loss.”

Beringer manages approximately \$281,466,000 in assets on a discretionary basis as of February 4, 2021.

## **Item 5 – Fees and Compensation**

### ***Fees***

Investors in the Funds generally bear a fee (the “General Partner Distribution”) paid quarterly in advance on committed capital or invested capital to the General Partner of the Funds, at a rate of 2.0% per annum, depending on the investors’ agreements with such Fund and the time such fee is accrued.

Fund III is no longer receiving a General Partner Distribution.

Under each Fund's limited partnership agreement, generally the General Partner Distributions are offset by 100% of such Fund's share of any other fees, such as portfolio company fees and directors, consulting, monitoring, break-up and other similar fees, paid to Beringer or its affiliates by, or attributable to, such Fund ("Portfolio Company Fees"). As described in each Fund's limited partnership agreement, the aggregate General Partner Distributions paid by a Fund or its limited partners is reduced by an amount equal to the applicable percentage of such Fund's share of all Portfolio Company Fees. To the extent that the application of the Portfolio Company Fees would reduce the General Partner Distributions for a given quarterly period below zero, such amounts will be carried forward and reduce future installments of the General Partner Distribution or be distributed at the end of the relevant Fund's life.

Beringer is permitted to exempt certain investors in the Funds from payment of all or a portion of the General Partner Distributions and/or carried interest. Exempt investors typically include, but are not limited to, particular investors with a certain investment threshold, Beringer's affiliates, the Principals, current or former employees of Beringer, and current or former members of management of any current or former portfolio company of any Fund, as well as family members of the foregoing individuals, employee benefit plans, family investment, estate planning or charitable vehicles formed for the benefit of any of the foregoing individuals, or entities owned by any one or more of the foregoing. Such exemption from the General Partner Distributions and/or carried interest may be made by a direct exemption, rebate or otherwise. Additionally, to the extent permitted by the relevant limited partnership agreement, Beringer has the right to permit investors, affiliated with Beringer or otherwise, to invest through the General Partner or other vehicles that do not bear General Partner Distributions or carried interest.

Certain of the Funds' investments may generate the opportunity for certain persons or entities to co-invest in such investments alongside the Funds. Beringer may make these opportunities available to certain investors in its Funds, however, it may also choose to offer some or all of any available co-investment opportunity to persons it considers to be strategic investors, third-party sponsors, consultants, advisors, lenders, members of a Fund's Advisory Committee, or others.

The Funds may provide interim financing (whether in the form of debt or equity) in connection with an investment in a portfolio company in order to facilitate or enhance the value of an investment by the Fund (collectively, "Bridge Financing"). Any interest earned or dividends paid to a Fund with respect to a bridge financing prior to such a sell-down or redemption generally will be distributed to the partners of such Fund.

The Funds generally invest on a long-term basis. Accordingly, fees are expected to be paid, except as otherwise described in the Funds' limited partnership agreements, over the term of the Funds, and investors generally are not permitted to withdraw or redeem interests in the Funds.

## ***Expenses***

The Funds will reimburse each General Partner for Offering and Organizational Expenses in accordance with Funds' offering documents. The Funds will pay all costs and expenses related to its activities including legal, auditing, accounting, consulting, administration, appraisal, brokerage, service provider, custodian, accounting fees and expenses (including expenses associated with the preparation of the Fund's financial statements and tax returns, including Forms T5013 pursuant to the *Income Tax Act* (Canada) and other tax related documentation) and other similar costs and expenses and the costs and expenses of any information technology outsourcing; fees and expenses of any administrator of the Funds; expenses and costs associated with communications and meetings with the investors (but excluding costs incurred by particular investors), including costs and expenses associated with preparing reports and notices for investors, courier fees, conference call expenses and costs and expenses associated with any votes or consents of investors; expenses of the Advisory Committee, including costs and expenses associated with meetings of the Advisory Committee; all expenses, costs and liabilities incurred in connection with the identification, origination, evaluation, structuring, negotiation, acquisition, making, holding, monitoring, development, ownership, operation, management, financing, refinancing, protecting, sale, proposed sale, other disposition or valuation of portfolio company investments, Bridge Financings and temporary investments or portfolio company investments, Bridge Financings and temporary investments considered for the Funds, including legal, accounting, audit, investment banking, engineering, marketing, consulting, appraisal, travel, accommodations, business development, hedging and other expenses, the costs of any software or data providers used to evaluate investments, out-of-pocket expenses incurred as a result of a proposed transaction or investment by the Funds that is not consummated, to the extent not reimbursed by a third party, including expenses and costs that would have been allocable to co-investors had such proposed transaction or investment been consummated, if the amount allocable to such co-investors is not paid by such parties; all expenses relating to litigation, investigations, audits, settlements or reviews of the Funds; all extraordinary expenses, liabilities, indemnities and other obligations of the Funds and the fees, costs and expenses of complying with all applicable laws, rules and regulations, judgements, penalties, fines and settlements and other costs and expenses payable in connection therewith and all fees, costs and expenses related to the enforcement and protection of rights relating to the Funds; all debt service obligations, including principal, interest, premium, if any, fees, expenses and other amounts payable in respect of indebtedness of the Funds; all taxes, duties, interest, fees or other governmental charges levied against the Funds; the organization of any separate entity; costs and liabilities incurred in connection with directors' and officers' liability, errors and omissions and other insurance expenses, including key person insurance for the benefit of the Fund; expenses incidental to the transfer, servicing and accounting for the Funds' or a cash and securities, including all charges of depositaries and custodians; all fees, costs and expenses of maintaining the existence of the Funds, the General Partner and the Carry Partner, including partnership registration and registered agent fees and expenses; expenses and costs of dissolving, liquidating and winding-up the Funds, the General Partner and the Carry Partner; all expenses and costs incurred in connection with governmental or regulatory filings, including, in the case of the General Partner, as a registered adviser with the U.S. Securities

and Exchange Commission under the U.S. Investment Advisers Act of 1940; expenses incurred in connection with any restructuring, amendments or waivers to the constituent documents of the Funds, the General Partner or the Carry Partner; and third party costs and expenses directly related to attendance at industry conferences and subscriptions to industry publications and research services attributable to a portfolio company investment or proposed portfolio company investment.

The General Partner will be responsible for all of the day-to-day operating expenses, including office overhead and compensation of employees. In certain circumstances, one Fund is expected to pay an expense common to multiple Funds (including without limitation legal expenses for a transaction in which all such Funds participate, or other fees or expenses in connection with services the benefit of which are received by other Funds over time), and be reimbursed by the other Funds by their share of such expense, without interest.

Outside professionals, engineers, consultants, legal advisors, accountants, investment banks and other third parties (“Consultants”) may be involved in the due diligence process to varying degrees depending on the type of investment. The Consultants are not employees of Beringer or the General Partner. The involvement of such Consultants may present a number of risks primarily relating to reduced control of the functions that are outsourced and may entail significant third-party expenses, which will be borne by the Fund.

Consultants involved with or otherwise expected to contribute to a consummated portfolio investment, mergers, or acquisitions, expect to receive compensation from the portfolio company, including fixed fees, bonuses and equity incentives, as well as expense reimbursements. Such compensation will not result in offsets to or reductions of the General Partner Distribution. The Consultants are subject to certain Beringer requirements, but are not subject to all of the restrictions on Beringer employees related to conflicts of interest and Code of Ethics reporting.

As described above, in certain circumstances, Beringer is expected to permit certain investors to co-invest in portfolio companies alongside one or more Funds, subject to Beringer’s related policies and the relevant limited partnership agreement(s) and/or Side Letter(s). Co-investment vehicles are generally formed, and other co-investors’ participation (which may include, subject to certain limitations with respect to the allocation of co-investment opportunities as set forth in the relevant limited partnership agreements, by Beringer Principals, employees and affiliates) is generally included, in connection with the consummation of a transaction. Accordingly, where a proposed transaction is not consummated, no co-investment vehicle generally will have been formed, and no other co-investors’ participation will generally have been confirmed. In such cases, the full amount of any Broken Deal Expenses relating to any such proposed transaction would therefore be borne by the applicable Fund(s), and not by any prospective co-investors, that were to have participated in such transaction.

## **Item 6 – Performance-Based Fees and Side-By-Side Management**

Affiliates of Beringer, the Carry Partners, receive an allocation of carried interest. Beringer’s funds have a relatively short overlap of investment periods, and have substantially similar

fee structures, it does not generally face certain conflicts of interest that may arise when an investment adviser accepts performance-based fees from some clients, but not from others. To the extent that there are any potential conflicts of interest, Beringer seeks to address such conflicts in these matters with allocation policies that provide that transactions and investment opportunities will be allocated to the Funds in accordance with each Funds' investment guidelines and governing agreements, as well as other factors that do not include the amount of performance-based compensation received by Beringer.

Affiliates of Beringer, the Carry Partners, are entitled to carried interest with respect to each limited partner in the Funds and Fund III, based on proceeds from realized investments. The carried interest rate is generally 20%, depending upon each limited partner's agreement with the General Partner, and is subject to a provision such that no carried interest allocation is made until there has been a full return of capital and costs for all investments to each limited partner, as well as a compounded annual rate of return of 8% on capital contributions attributable to realized investments, as more fully described in each applicable Fund's limited partnership agreement. Carried interest distributions to the Carry Partners are generally subject to clawback obligations as set forth in the relevant limited partnership agreements.

The existence of performance-based fee arrangements has the potential to create an incentive for Beringer to make more speculative investments on behalf of a Fund than it otherwise would make in the absence of such arrangements, although Beringer generally considers performance-based compensation to better align its interests with those of its investors. Beringer seeks to ensure that all Funds are treated fairly and equitably, and to prevent this conflict from influencing the allocation of investment opportunities among Funds.

## **Item 7 – Types of Clients**

Beringer primarily provides investment advice to Funds offered to qualified investors on a private placement basis. Investors generally consist of institutional investors and high net worth individuals and may include, directly or indirectly, principals or other employees of Beringer and its affiliates and members of their families. A minimum initial investment of \$5,000,000 is generally required to invest in the Funds. However, Beringer, in its sole discretion, may accept an investment of a lesser amount as long as the investor qualifies to invest based on all other suitability and regulatory requirements as applicable to each Fund. Beringer may decline to accept the subscription of any prospective investor.

Beringer, on its own behalf or on behalf of the Funds, expects to enter into a side letter or similar agreement (a "Side Letter") with one or more investors which provide such investors with additional or different rights than such investors have pursuant to the Fund offering documents. Beringer may enter into such Side Letters without the approval of any investor or other person. As a result of such Side Letters, certain investors may receive additional benefits that other investors will not receive, including more favorable economic terms. For example, such terms and conditions may provide for membership on the Advisory Committee; a waiver or rebate in fees to be paid; key man notification rights; rights to receive



reports, meetings or notifications from the Funds on a more frequent basis or that include information not provided to other investors and such other rights, standards, waivers or modifications as may be negotiated by the Funds and such investors.

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

Beringer will maintain a disciplined approach to investing and value creation, centered around its philosophy of acquiring high quality businesses with attractive growth prospects, maintaining a disciplined approach to valuation, conducting rigorous and focused due diligence and actively partnering with management to oversee and grow portfolio companies.

As more fully described in the Funds’ offering memorandum, Beringer’s investment strategy involves making direct investments in private companies. Beringer is not limited in the industries in which it can invest, but the Funds focus on digital transformation in the media, marketing services, technology and branded product and services industries.

The Funds expect to invest in the U.S. and Canadian market in the following segments: Digital Customer Experience, Digital Commerce / Direct to Consumer, Data Science, Machine Learning and Artificial Intelligence, and Technology-Led Marketing Services. Beringer believes that these are areas where opportunities for digital transformation are strong and where it has established market knowledge and experience.

Beringer has developed an in-depth due diligence methodology that is grounded in the team’s deep industry expertise. Beringer’s due diligence methodology involves analyzing the competitive and long-term strength of the target portfolio company by reviewing client relationships, organizational capabilities, management strength and market positioning. For each deal, Beringer identifies the key drivers of the business and conducts primary, data-intensive and customer focused research and analysis. Beringer engages reputable advisors and consultants to perform many due diligence activities including a quality of earnings assessment, legal and tax reviews, background checks, employee, human resource & benefits compliance review, and insurance review. In addition, the due diligence process will typically include meetings with management, onsite visits, detailed analysis of day-to-day operations, customer interviews, review of financial information, internal preparation of financial models, industry research, competitive analysis, review of transaction structures, identification of add-on acquisition opportunities and formulation of exit strategies. This review is used to identify risks and opportunities and formulate the growth strategy. A robust due diligence report is created to inform the Investment Committee as part of the approval process.

Beringer’s investment objectives are more fully described in each Fund’s limited partnership agreement and offering memorandum.

*The following risk factors do not purport to be a complete list or explanation of the risks involved in an investment in the Funds advised by Beringer. For a more detailed list of risk factors applicable to a particular Fund, please refer to the relevant Fund’s offering memorandum.*

***Speculative Investment; No Assurance of Investment Return:*** An investment in the Funds may be deemed speculative and is not intended as a complete investment program. A subscription for Interests should be considered only by persons who are financially able to maintain their investment and who can bear the risk of loss associated with an investment in the Funds. Investors must be prepared to lose all or substantially all of their investment in the Funds. There can be no assurance that the Funds will be able to generate returns for the investors or that the returns will be commensurate with the risks of investing in the portfolio company investments. There can be no assurance that any investor will receive any distribution from the Funds. Investors should review closely the investment objectives and investment strategies to be utilized by the Funds as outlined in each Funds' offering memorandum to familiarize themselves with the risks associated with an investment in the Funds.

Portfolio company investments may not generate current income. Therefore, the return of capital and the realization of gains, if any, from an investment generally will occur upon the partial or complete realization or disposition of such investment. While an investment may be realized or disposed of at any time, it is generally expected that the ultimate realization or disposition of most portfolio company investments will not occur for a number of years after such investments are made. The Funds may be prohibited or limited by contract from selling certain securities of a company in which it has made a portfolio company investment for a period of time and, as a result, may not be permitted to sell a portfolio company investment at a time it might otherwise desire to do so.

In addition, there can be no assurance that the Funds will correctly evaluate the nature and magnitude of the various factors that could affect the value of its investments. Prices of the Funds' investments may be volatile, and a variety of other factors that are inherently difficult to predict, such as domestic or international economic and political developments, may significantly affect the results of the Funds' activities, including the risk of war and the effects of terrorist attacks. In addition, the Funds' strategy for a portfolio company may involve an acquisition program, restructuring and/or operational improvements, all of which entail a high degree of uncertainty. As a result, the Funds' performance over a particular period may not necessarily be indicative of the results that may be expected in future periods.

***Past Performance of Beringer:*** The past performance of prior funds managed by Beringer and the Principals is not predictive or a guarantee of performance.

***Inability of a Fund to Meet its Investment Objectives:*** Each Fund is intended for long-term investors who can accept the risks associated with investing in an investment vehicle primarily focused on making equity investments in a diversified portfolio of private entities in accordance with the investment guidelines. The success of each Fund depends on the General Partner's ability to identify and select appropriate investment opportunities, as well as each Funds' ability to make those investments. There can be no assurance that a Fund will achieve its investment or performance objectives or that the General Partner will be successful in identifying a sufficient number of suitable investment opportunities to deploy the Fund's committed capital, or that such investment opportunities will lead to completed investments by the Fund. The possibility of partial or total loss of the Funds' capital exists,

and prospective investors should not subscribe unless they can readily bear the consequences of a complete loss of their investment.

***Illiquidity; Restrictions on Transfer and Withdrawal:*** An investment in the Funds is suitable only for certain sophisticated investors that have, and will have, no need for immediate liquidity in respect of their investment and who can accept the risks associated with making illiquid investments. Investors will not be permitted to transfer their Interests to any person without the consent of the General Partner (other than to a controlled affiliate). The General Partner will not grant consent to any transfer if it has reason to believe such transfer is not being made in compliance with applicable securities laws or will subject the Funds to additional regulation of any kind. Furthermore, the transferability of the Interests will be subject to certain restrictions contained in the Partnership Agreements and may be affected by restrictions on resale imposed under applicable securities laws. A public market does not currently exist for the Interests and one is not expected to develop.

In addition, the investments of the Funds are likely to be illiquid and long-term. Illiquidity may result from the absence of an established or liquid market for investments as well as from legal and contractual restrictions on their resale by the Funds. Even if the investments of the Funds prove successful, they are unlikely to produce a realized return to the investors for a period of years. Furthermore, the Partnership Agreements provide that the General Partner may take appropriate reserves in distributing any income or gains.

***Effect of Expenses on Returns:*** The Funds will make General Partner Distributions to the General Partner and will bear the Fund's Offering and Organizational Expenses (including legal, accounting, filing, capital raising and other organizational expenses) and all expenses related to its operations. Such payments will reduce the actual returns to investors. Most of these payments will be paid regardless of whether the Funds produce positive investment returns. If the Funds do not produce significant positive investment returns, these payments could reduce the amount of the investment recovered by an investor to an amount less than the amount invested in the Funds by such investor.

***Cybersecurity Risks:*** The General Partner, the Funds and their service providers, counterparties and electronic communication networks are subject to risks associated with a breach in cybersecurity. Cybersecurity is a generic term used to describe the technology, processes and practices designed to protect networks, systems, computers, programs and data from cyber-attacks and hacking by other computer users, and to avoid the resulting damage and disruption of hardware and software systems, loss or corruption of data, and/or misappropriation of confidential information. Hardware and software systems are subject to threats from hackers and others, such as a malicious attack, malware or other event that leads to unanticipated interruption or malfunction of such systems.

Any interruption of the General Partner's hardware or software functionality could lead to material or even complete losses to the Funds. Hackers could also theoretically access and steal the General Partner's research or investment strategies or other software or data and implement such strategies and use such data and information on their own behalf. This could lead to increased competition for, or elimination of, the investment opportunities sought by

the Funds or otherwise render the research or investment strategies obsolete, possibly resulting in material or complete losses to the Funds. The Funds may also incur substantial costs as the result of a cybersecurity breach, including those associated with forensic analysis of the origin and scope of the breach, increased and upgraded cybersecurity, identity theft, unauthorized use of proprietary information, litigation, adverse investor reaction, the dissemination of confidential and proprietary information and reputational damage. Any such breach could expose the General Partner and the Funds to civil liability as well as regulatory inquiry and/or action. In addition, investors could be exposed to additional losses as a result of unauthorized use of their personal information.

***Investments Longer Than Term:*** Although the Funds will target investments that can be advantageously disposed of within the term of each Fund, the Funds may make or acquire investments that may not be advantageously disposed of prior to the date that the Fund will be dissolved, either by expiration of the Fund's term or otherwise. As a result, the Fund may have to sell, distribute or otherwise dispose of investments at a disadvantageous time. In addition, although upon the dissolution of the Funds the General Partner (or the relevant liquidator) will generally be required to sell or otherwise dispose of all or such part of the Funds' assets as may be sold or otherwise disposed of on commercially reasonable terms (to the extent that the General Partner or liquidator, as applicable, determines that such sale or other disposition is commercially desirable), there can be no assurances with respect to the time frame in which the winding-up and the final distribution of proceeds to the investors will occur.

***Valuation of the Fund's Investments:*** The General Partner will value the portfolio company investments of the Funds from time to time at their fair market values. Fund assets that are publicly traded securities for which market prices are readily available will be valued based on their trading prices; however, there will likely be no public market for the securities of most of the Funds' portfolio companies. Thus, the valuation of the Funds' portfolio company investments will be inherently highly subjective and imprecise and require the use of techniques that are costly and time consuming and ultimately provide no more than an estimate of value. The value set by the General Partner may not reflect the price at which the Funds could dispose of its interests in a particular portfolio company at any given time.

***Projections:*** Projected operating results of a portfolio company normally will be based primarily on financial projections prepared by such portfolio company's management, with adjustments to such projections made by the General Partner in its discretion. In all cases, projections are only estimates of future results that are based upon information received from the portfolio 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.

***General Economic and Market Conditions:*** General economic conditions may affect the Fund's activities. Interest rates, general levels of economic activity, the price of securities and participation by other investors may affect the value and number of investments made

by the Funds or considered for prospective investment. The digital transformation industry may be sensitive to adverse changes in the overall economy. Recessionary economic conditions may create uncertainties in the financial markets that could adversely affect the ability of the Funds to realize on its investments and the values of such investments. Further, certain economic factors specific to a portfolio company may have an adverse effect on the Fund's investment in that company.

A recession, slowdown and/or sustained downturn in the Canadian, U.S. and/or global economy (or any particular segment thereof) could have a pronounced impact on the Funds and could adversely affect the Fund's profitability, impede the ability of the Fund's Portfolio Companies to perform under or refinance their existing obligations and impair the Fund's ability to effectively deploy its capital or realize its investments on favorable terms. This could result in substantial or total losses to the Funds in respect of certain investments.

***Available Opportunities and Competitive Marketplace:*** The success of the Funds depends on the availability of appropriate investment opportunities and the ability of Beringer to identify, select, close and exit those investments. There can be no assurance that there will be a sufficient number of suitable investment opportunities to enable the Funds to invest all of its committed capital or that such investment opportunities will lead to completed investments by the Funds. The activity of identifying, completing and realizing attractive portfolio company investments is highly competitive. The Funds will be competing with, among others, both large multinational agencies and smaller, regional agencies for prospective investments. Some of these competitors may have access to greater amounts of capital and to capital that may be committed for longer periods of time or may have different return thresholds than the Funds, and thus these competitors may have advantages not shared by the Funds. Increased competition for, or a diminishment in the available supply of, investments suitable for the Funds could result in lower returns on such investments. Moreover, the identification of attractive investment opportunities is difficult and involves a high degree of uncertainty. The Funds may incur significant expenses in connection with identifying investment opportunities and investigating other potential investments which are ultimately not consummated, including expenses relating to due diligence, transportation, legal expenses and the fees of other third-party advisors. As a result of this competition, there can be no assurance that the Funds will be able to locate suitable investment opportunities, acquire them for an appropriate level of consideration, achieve its targeted rate of return or fully invest its committed capital.

***Geopolitical Risk:*** An unstable geopolitical climate and continued threats of terrorism could have a material effect on general economic conditions, market conditions and market liquidity. A serious pandemic or a natural disaster could severely disrupt the global, national and/or regional economies. A resulting negative impact on economic fundamentals and consumer confidence may increase the risk of default of particular portfolio company investments, negatively impact market value, increase market volatility and cause credit spreads to widen, and reduce liquidity, all of which could have an adverse effect on the Fund's returns. No assurance can be given as to the effect of these events on the value of or markets for portfolio company investments.

***Lack of Diversification:*** The Funds will make a limited number of investments. A consequence of a limited number of investments is that the aggregate returns realized by the investors may be substantially adversely affected by the unfavorable performance of a small number of these investments. Specifically, in the event of a loss of capital invested in any portfolio company investments, the current income and capital appreciation from the Funds' other investments may not offset the loss recognized by the Funds from such investments.

Investors have no assurance as to the degree of diversification in the Funds' investments. Because the Funds' investments are expected to be concentrated in certain industries, portfolio diversification will be less than would be possible if the Funds were to invest in a broader range of industries or sectors. Such reduced diversification may increase the volatility of the Funds' returns, and could reduce the Funds' returns relative to diversified funds to the extent that such industries or sectors do not perform as well as other industries or sectors. Although the Funds intend to diversify its investments among different assets, no assurances can be given that the Funds will, in fact, so diversify its investments. The Funds may also not make investments that are diversified geographically.

***Equity Securities:*** The Funds generally intend to invest in common and preferred shares and other equity securities, including both public and private equity securities. Equity securities generally involve a high degree of risk and will be subordinate to the debt securities and other indebtedness of the issuers of such equity securities. Prices of equity securities generally fluctuate more than prices of debt securities and are more likely to be affected by poor economic or market conditions. In some cases, the issuers of such equity securities may be highly leveraged or subject to other risks such as limited product lines, markets or financial resources. The Funds may experience a substantial or complete loss on individual equity securities.

***Mid-Market Companies:*** A component of the Funds' investment strategy is to invest in mid-market companies. While investments in mid-market companies may present greater opportunities for growth, such investments may also entail larger risks than are customarily associated with investments in large companies. Mid-market companies may have more limited product lines, markets and financial resources, and may be dependent on smaller and less experienced management groups. As a result, such companies may be more vulnerable to general economic trends and to specific changes in markets and technology. In addition, future growth may be dependent on additional financing, which may not be available on acceptable terms when required. Further, there is ordinarily a more limited marketplace for the sale of interests in smaller, private companies, which may make realizations of gains more difficult. In addition, the relative illiquidity of private equity investments generally, and the somewhat greater illiquidity of private investments in mid-market companies, could make it difficult for the Funds to react quickly to negative economic or political developments.

***Leveraged Investments:*** The Funds may make use of leverage by having a portfolio company incur debt to finance a portion of its investment in a given portfolio company. Leverage generally magnifies both the Funds' 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, which state is difficult to accurately forecast. During times when credit markets are tight or there is a market disruption, it may be difficult to obtain or maintain the desired degree of leverage. Leverage often imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and may impair its ability to finance future operations and capital needs. The leveraged capital structure of portfolio companies will increase the exposure of the Funds' 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 the Funds' investments in the leveraged portfolio companies in a down market. In the event any portfolio company cannot generate adequate cash flow to meet debt service, the Funds may suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of the Funds. Furthermore, should the credit markets be tight at the time the Funds determines that it is desirable to sell all or a part of a portfolio company, the Funds may not achieve an exit multiple or enterprise valuation consistent with its forecasts. The companies in which the Funds will invest generally will not be rated by a credit rating agency. The securities acquired by the Funds may be the most junior in what may be a complex capital structure and thus subject to the greatest risk of loss.

***Effect of Change in Credit Markets:*** Borrowing conditions in the credit markets have historically been cyclical. A tightening of the credit markets, a decrease in the availability of financing and/or an increase in the interest cost for leveraged transactions may impair the Fund's ability to consummate future transactions.

***Investments in Public Companies:*** The Funds may invest in public companies or take private Portfolio Companies public. Such risks include, without limitation, greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of the Funds to dispose of such securities at certain times (including due to the possession by the Funds of material non-public information), increased likelihood of shareholder litigation against such companies' board members, regulatory action by the domestic or foreign securities regulators and increased costs associated with each of the aforementioned risks.

***Hedging:*** The Funds may from time to time enter into various financial derivative agreements, including forwards, swaps or options on currencies, securities and indices, when seeking to mitigate or hedge risk associated with its investments. However, it is generally impossible to fully hedge an investment given the uncertainty as to the amount and timing of projected cash flows and investment returns, if any, on the Funds' investments. In addition, the prices of such financial derivative instruments may be highly volatile. Price movements of financial derivative agreements used for hedging purposes in which the Funds' assets may be invested may be influenced by, among other things, interest rates, changing supply and demand relationships, and trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly those in currencies and financial instrument options. Such intervention often is intended directly to influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because

of, among other things, interest rate fluctuations. Therefore, while the Funds may enter into financial derivative agreements to seek to mitigate or hedge perceived risks, unanticipated changes in values may result in worse overall performance for the Funds than if it had not entered in any such financial derivative agreements.

***Risks Upon Disposition of Investments:*** Most of the Funds' portfolio company investments will involve private securities, which are generally more difficult to sell than publicly traded securities as there is often no liquid market, which may result in selling interests at a discount. In connection with the disposition of a portfolio company investment, the Funds may agree to purchase price adjustments and discounts and/or may be required to make representations about the business and financial affairs of the portfolio company typical of those made in connection with the sale of a business. The Funds may also be required to indemnify the purchasers of such investment to the extent that any such representation turns out to be inaccurate and may be obligated to fund additional capital pursuant to purchase price adjustments. Such representations and indemnities may survive for a period of time following the disposition of a portfolio company investment, which may be lengthy or indefinite in the case of certain representations and indemnities. These arrangements may result in contingent liabilities of the Funds, which might ultimately have to be funded by the investors to the extent that such contingent liabilities exceed the reserves and other assets of the Funds and such investors have received prior distributions from the Funds.

***Bridge Financing:*** The Funds may provide Bridge Financing in connection with one or more of its portfolio company investments. The Funds will bear the risk of any changes that may adversely affect the ability of a portfolio company to refinance any Bridge Financing. If a portfolio company is unable to complete a refinancing, the Funds could remain invested in the Bridge Financing longer than originally anticipated.

***Foreign Investment Risk:*** The Funds' portfolio companies may make investments in corporations or other entities which are headquartered or have their principal executive offices outside of Canada and the United States ("Foreign Investments"). Investing in Foreign Investments involves considerations and possible risks not typically involved in investing in Canadian or U.S. companies, including instability of some foreign governments, the possibility of expropriation, limitations on the use or removal of funds or other assets, changes in governmental administration or economic or monetary policy (in or outside of Canada or the United States), changes in trade policy or changed circumstances in dealings between nations. The application of foreign tax laws (e.g., the imposition of withholding taxes on dividend or interest payments) or confiscatory taxation may also affect Foreign Investments. Higher expenses may result from such Foreign Investments because of the costs that must be incurred in connection with conversions between various currencies. Markets outside of Canada and the United States may also be less liquid, more volatile and less subject to governmental supervision than those in Canada and the United States. The Funds or a portfolio company might have greater difficulty taking appropriate legal action in courts outside of Canada and the United States. Foreign Investments could be affected by other factors not present in Canada and the United States, including lack of uniform accounting, auditing and financial reporting standards and potential difficulties in enforcing contractual obligations. As a result, the value of portfolio company investments may



fluctuate to a greater degree by making Foreign Investments than if the Funds limited its investments to Canadian or U.S. companies.

***Currency Risk:*** Investments denominated in a currency other than U.S. dollars will be affected by the changes in the value of the U.S. dollar in relation to the value of the currency in which the investment is denominated. In addition, a portfolio company may be significantly affected by movements in foreign currency rates. Thus the value of portfolio company investments may be significantly affected by movements in foreign exchange rates, such as changes in the value of the U.S. dollar relative to the value of the Canadian dollar.

***Effects of Bankruptcy or Insolvency:*** The Funds may make investments in companies that are or may become the subject of voluntary or involuntary bankruptcy or insolvency proceedings under applicable bankruptcy or insolvency laws. Upon confirmation of a plan of reorganization under applicable bankruptcy or insolvency laws, or as a result of a liquidation proceeding, the Funds could suffer a loss of all or a part of the value of its investment in a company. A bankruptcy or insolvency filing may adversely and permanently affect an investment. The company could lose market position and key employees, and the liquidation value of the company may not equal the liquidation value that was believed to exist prior to the making of the initial investment.

***Risk of Litigation:*** In the ordinary course of business, the Funds and/or the General Partner may from time to time be subject to litigation and other adversarial proceedings. The General Partner may be subject to such proceedings directly or in its capacity as General Partner of the Funds. The outcome of any such proceeding, which may materially adversely affect the value of the Funds, may be impossible to anticipate, and any such proceeding may continue without resolution for long periods of time. Any such proceeding may consume substantial amounts of the General Partner's time and attention, and its and the Funds' financial resources, and the devotion of these resources to litigation may, at times, be disproportionate to the amounts at stake in the litigation or other proceedings and distract attention from the Funds. The expense of defending against claims by third parties against the Funds and paying any amounts pursuant to settlements or judgments against the Funds would generally be borne by the Funds.

## **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Beringer or the integrity of Beringer's management. Beringer has no information to disclose applicable to this Item.

## **Item 10 – Other Financial Industry Activities and Affiliations**

None of Beringer, its Principals or employees are registered, nor do any of the foregoing have any application pending to register, with the SEC as a broker-dealer or a registered representative of a broker-dealer, futures commission merchant, commodity pool operator, commodity trading advisor, or associated person of any of the foregoing entities.

The General Partners and Carry Partners are affiliates of Beringer. As described in Items 5 and 6, General Partner Distributions and carried interest allocations are made to the General Partner of the Funds and Carry Partner of the Funds and Fund III. In consideration of Beringer providing investment management services to the Funds, the General Partner pays Beringer for the cost of providing these services plus a margin of 3%. In consideration of Beringer providing investment management services to Fund III, the General Partner pays Beringer for the cost of providing these services plus a flat fee.

Although the use of Consultants and the allocation of compensation paid to them by the Fund and/or the portfolio companies subjects Beringer and its affiliates to potential conflicts of interest, Beringer believes that such potential conflicts are mitigated by the benefits provided by the availability of the Consultants to the portfolio companies and the services and expertise provided by the Consultants to the portfolio companies. In certain circumstances, such potential conflicts also may be reduced by cost savings to portfolio companies (which are expected to be to the benefit of the Fund) that will result if the cost of the Consultant is lower than market rates for comparable services and/or if the Consultants are able to help the portfolio companies cut costs or otherwise improve their operating efficiencies. Beringer will generally seek to retain Consultants with a view to improving portfolio company performance and providing portfolio companies with high-quality service from professionals whose expertise might not otherwise be available to the portfolio companies. Although Beringer believes the use of Consultants is effective and important to its investment strategy, a number of factors may result in limited or no cost savings from the retention of Consultants. Beringer also generally will seek to reduce potential conflicts of interest resulting from such arrangements with Consultants and, to the extent applicable, other consultants engaged by Beringer on terms similar to those that apply to Consultants, by structuring compensation packages for such persons in a manner that Beringer believes will align such persons' interests with those of the limited partners, and seeks to retain only Consultants that it believes provide a level of service at a value generally consistent with other relevant market alternatives. However, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at a lesser cost.

## **Item 11 – Code of Ethics**

Beringer strives to adhere to the highest industry standards of conduct based on principles of professionalism, integrity, honesty and trust. In seeking to meet these standards, Beringer has adopted a code of ethics that sets forth standards of conduct that are expected of Beringer personnel and addresses conflicts that arise from personal trading. In general, Beringer' code of ethics acknowledges that the Firm and its employees owe a fiduciary duty to advisory clients, which includes ensuring that their personal affairs, including personal securities transactions, are conducted in a manner which avoids: (i) serving their own personal interests ahead of clients, (ii) taking inappropriate advantage of one's position with Beringer; and (iii) any actual or potential conflicts of interest or any abuse of one's position of trust and responsibility.

The code of ethics includes provisions relating to the confidentiality of client information, prohibition on insider trading, procedures designed to prevent the misuse of, or trading upon, material non-public information, personal securities trading procedures and other potential conflicts of interest. The code of ethics requires periodic reporting of accounts, including those accounts of certain family members. Beringer maintains a restricted list in which employees are precluded, for reasons including, but not limited to, insider trading rules, from investing.

Investors and prospective investors may request a copy of the code of ethics by contacting Beringer at the address or telephone number listed on the first page of this document.

## **Item 12 – Brokerage Practices**

Beringer seeks to make securities investments for clients in such a manner that the total costs or proceeds in each transaction are the most favorable under the circumstances (“best execution”). Beringer’s investment strategy generally involves making direct private equity investments in companies. The terms of such transactions are typically subject to negotiation, and brokerage firms are not usually involved other than in certain situations where, for example, a portfolio company is engaging in an initial public offering or a Fund purchases or receives public securities in connection with a transaction or potential transaction. Therefore, Beringer generally does not anticipate using broker-dealers to effect securities transactions, except in limited circumstances.

Beringer does not receive any soft dollar benefits from broker-dealers.

## **Item 13 – Review of Accounts**

The Managing Partners continuously review investments in the Funds’ portfolios to ensure that such Funds’ investments are consistent with the investment objectives, philosophy, strategy and methodologies as set forth in such Funds’ offering documents.

Unless otherwise agreed to, each quarter investors will receive qualitative and quantitative updates including financial information regarding each portfolio company. In addition, investors will receive statements detailing capital calls. On an annual basis, investors will receive a copy of the applicable Funds’ audited financial statements and tax reporting information. Beringer also provides additional information as requested by investors provided that such requests are deemed reasonable in content and scope and that Beringer is prepared to supply the same level of information to other investors who may ask for similar information.

## **Item 14 – Client Referrals and Other Compensation**

Beringer does not directly or indirectly compensate any third party for client or investor referrals.

## **Item 15 – Custody**

Neither Beringer nor any of its affiliates have physical custody of client assets. Client assets are held in custody by qualified custodians. Beringer is deemed to have custody of the Funds' assets and securities because it has the authority to manage the Funds' accounts and securities. To the extent that assets and/or securities of the Funds are held by qualified custodians, account statements related to the Funds are sent by qualified custodians to Beringer.

Beringer is subject to Rule 206(4)-2 under the Advisers Act (the "Custody Rule"). However, it is deemed to have complied with certain requirements of the Custody Rule with respect to each Fund because it requires that each Fund be subject to audit at least annually by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and requires that each Fund distribute its audited financial statements to all investors within 120 days of the end of its fiscal year. Each investor should carefully review these statements upon receipt.

## **Item 16 – Investment Discretion**

Beringer has discretionary authority from the Funds it advises to select the portfolio companies to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives as described in the offering memorandum for the relevant Fund.

## **Item 17 – Voting Client Securities**

The Securities and Exchange Commission adopted Rule 206(4)-6 under the Investment Advisers Act of 1940, which requires registered investment advisers that exercise voting authority over client securities to implement proxy voting policies. Although Beringer has authority to vote client securities, it generally is not called upon to participate in proxy voting because of the types of securities in which the Firm transacts on behalf of the Funds. However, in compliance with such rules, Beringer has adopted proxy voting policies and procedures should the Firm have proxy voting responsibility at any time in the future. As a general matter, Beringer' goal is to vote such proxies in the best long-term interests of its clients.

In connection with each exercise of voting authority, Beringer will assess whether any material conflicts of interest exist between the interests of Beringer and the interests of the relevant Fund with respect to the matters to be voted upon. A conflict of interest typically arises where there is a business or personal relationship between the employees executing voting authority, on the one hand, and the proponents of a voting proposal or director candidates standing for election at the portfolio company, on the other. A conflict might arise for Beringer, for example, where the Firm or an employee has a separate business relationship with the portfolio company or the challenger in a proxy contest, or where an employee has a personal relationship with an officer or director (such as a close family member serving in such position) of the portfolio company or the challenger in a proxy

contest. In such cases, the employee will raise any potential conflict of interest with the CCO, who will work to determine whether alternative voting procedures need to be implemented. In the event of a material conflict of interest, Beringer will look to a proxy voting service, or other independent third party, to determine the manner in which its votes will be cast. In the event of any such material conflict of interest, the CCO will document the nature of the conflict and the alternative voting procedure employed to address such conflict.

Investors may obtain a copy of Beringer's complete proxy voting policies and procedures upon request by calling the number listed on the front page of this Brochure. Investors may also obtain information from Beringer about how Beringer voted any proxies on behalf of particular portfolio companies.

## **Item 18 – Financial Information**

Registered investment advisers are required in this Item to provide certain financial information or disclosures about Beringer's financial condition. Beringer has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, has not been the subject of a bankruptcy proceeding, does not require prepayment of management fees six months or more in advance, and does not have any other events requiring disclosure under this item of the Brochure.