

Item 1 – Cover Page

**Form ADV Parts 2A and 2B: FIRM BROCHURE**

# Frontenac

One South Wacker Drive  
Suite 2980  
Chicago, IL 60606  
Contact: Julia Bender  
(312) 368-0044 (phone)  
(312) 368-9520 (fax)

**March 20, 2021**

This brochure provides information about the qualifications and business practices of Frontenac Company LLC (“Frontenac” or the “Firm”). If you have any questions about the contents of this brochure, please contact us at (312) 368-0044 or [jbender@frontenac.com](mailto:jbender@frontenac.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Frontenac is an investment adviser registered with the SEC. Registration with the SEC does not imply a certain level of skill or training.

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

## Item 2 – Material Changes

There have been no material changes from Frontenac’s last annual brochure (the “Brochure”) filed on March 27, 2020.

Frontenac routinely makes changes throughout its Brochure to improve and clarify the descriptions of its business practices and compliance policies and procedures or in response to evolving industry and Firm practices. In this year’s filing, the following Items have been updated, in addition certain immaterial and/or conforming changes related to the following:

- Item 4: updated to reflect regulatory assets under management as of December 31, 2020;
- Item 5: updated to clarify certain fees and expenses;
- Item 7: clarification of co-investment practices; and
- Item 8: updated to reflect additional risk factors and potential conflicts of interest.

### Item 3 – Table of Contents

Item 1 – Cover Page.....	i
Item 2 – Material Changes.....	ii
Item 3 – Table of Contents .....	iii
Item 4 – Advisory Business.....	1
Item 5 – Fees and Compensation.....	4
Item 6 – Performance-Based Fees and Side-By-Side Management .....	11
Item 7 – Types of Clients.....	13
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss .....	14
Item 9 – Disciplinary Information .....	31
Item 10 – Other Financial Industry Activities and Affiliations.....	32
Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading...34	
Item 12 – Brokerage Practices.....	36
Item 13 – Review of Accounts .....	38
Item 14 – Client Referrals and Other Compensation.....	39
Item 15 – Custody .....	40
Item 16 – Investment Discretion.....	41
Item 17 – Voting Client Securities.....	41
Item 18 – Financial Information .....	42
Brochure Supplement.....	44

## Item 4 – Advisory Business

**A. Describe your advisory firm, including how long you have been in business. Identify your principal owner(s).**

Founded in 1971, Frontenac is a lower middle market buyout firm based in Chicago, Illinois that invests in high-quality, closely-held companies through its private funds. Frontenac works with the owners of mid-sized businesses, typically families or entrepreneurs, as they address complex transition issues of liquidity, management enhancement and growth planning. The Firm makes control investments in profitable, family or entrepreneur-owned companies in the industrial, consumer and services sectors (the “Core Sectors”) with enterprise values between \$50 and \$150 million at initial closing, pursuant to its CEO1ST® approach. Frontenac leverages the experience, network and internally developed processes of its team, which includes its Director of Portfolio Operations (“DPO”), to generate returns for investors through portfolio companies’ growth in size and operating profits, supplemented with debt pay down and multiple expansion.

Frontenac serves as the investment manager for and provides discretionary advisory services to several private equity funds (each, a “Fund”), which are typically formed in groups (“Fund Groups”) of two or three parallel entities in order to accommodate different investor types or qualifications. Funds from the same Fund Group invest proportionally in portfolio companies (based on capital commitments). The Funds are Frontenac’s clients and the Firm does not advise any individual investors or dedicated co-investment vehicles.

The most recently formed Fund Group, Frontenac XI Private Capital Limited Partnership, a Delaware limited partnership, and its parallel Fund, Frontenac XI Private Capital (Parallel) Limited Partnership (collectively, “Frontenac XI”), held its final closing in 2017. In addition to Frontenac XI, Frontenac has two other Fund Groups that are in operation but are no longer making platform investments: Frontenac X Private Capital Limited Partnership and its parallel Fund Frontenac X Private Capital (Parallel) Limited Partnership (collectively, “Frontenac X”) and Frontenac IX Private Capital Limited Partnership, Frontenac IX Private Capital A Limited Partnership and Frontenac IX Private Capital (Cayman) Limited Partnership (collectively “Frontenac IX”).

In certain circumstances, as more fully described in Item 7 below, the Firm also permits certain investors and third parties to co-invest directly into a portfolio company. Such direct co-investments are not considered Funds or clients of Frontenac.

When forming Funds, Frontenac forms special purpose vehicles to serve as the general partner (“General Partner”) of each Fund. These General Partners are deemed registered with the SEC pursuant to Frontenac’s registration as an investment adviser and as such are subject to Frontenac’s compliance policies and procedures. While the General Partner of each Fund maintains ultimate authority over the respective Funds, Frontenac has been delegated the role of investment adviser. For

a complete list of the Funds and their General Partners, please see the portion of Frontenac's Form ADV Part 1, Schedule D, Section 7.A and Section 7.B.(1).

### **Principal Owners**

Frontenac is owned by Managing Partners Paul Carbery and Walter Florence and Managing Directors Ronald Kuehl and Michael Langdon. For more information about Frontenac's ownership, see Frontenac's ADV Part 1, Schedule A.

**B. Describe the types of advisory services you offer. If you hold yourself out as specializing in a particular type of advisory service, such as financial planning, quantitative analysis, or market timing, explain the nature of that service in greater detail. If you provide investment advice only with respect to limited types of investments, explain the type of investment advice you offer, and disclose that your advice is limited to those types of investments.**

Frontenac offers investment advisory services as a private equity fund manager to the Funds. The Funds invest in portfolio companies through privately negotiated transactions in nonpublic companies. Each portfolio company has its own independent management team responsible for managing its day-to-day operations, although the senior principals or other personnel of, and/or third parties appointed by (including CEO/ST executives), Frontenac will generally serve on such portfolio companies' respective boards of directors or otherwise act to influence control over management of portfolio companies held by the Funds. In addition, in some cases, Frontenac will more directly influence the day-to-day management of a portfolio company by recruiting certain individuals in various leadership roles, such as chief executive officer, chief operating officer, chief financial officer or in other roles. Frontenac's investment advisory services to the Funds consist of identifying and evaluating investment opportunities, negotiating the terms of investments, managing and monitoring investments and ultimately achieving dispositions of those investments.

Although Frontenac does not generally limit itself to investing in particular industries, it has expertise in the industrial, consumer and services sectors. The Firm seeks to make majority and control equity investments in family or founder-owned businesses within these sectors. From time to time, however, Frontenac has also caused a Fund to invest in corporate spin-offs, companies owned by other private equity firms, private investments in public equity (PIPEs), preferred stock and debt or convertible debt securities of existing portfolio companies.

**C. Explain whether (and, if so, how) you tailor your advisory services to the individual needs of clients. Explain whether clients may impose restrictions on investing in certain securities or types of securities.**

Frontenac's investment advice and authority for each Fund is tailored to the investment objectives of that Fund. Such objectives are described in the private placement memorandum, limited partnership

agreement, investment advisory agreements, subscription documents, side letters and other governing documents of the relevant Fund (collectively, “Governing Documents”).

While Frontenac’s investment advisory services are tailored to each Fund, they are not tailored to each Fund investor. However, investors considering an investment in a Fund are provided with copies of the applicable Governing Documents and are encouraged to meet in person with Frontenac personnel on multiple occasions prior to making an investment decision. In addition to reviewing the relevant Governing Documents, Frontenac encourages prospective investors to conduct careful due diligence of their potential investments in a Fund by reviewing supplemental information and materials made available in a secure data room that Frontenac establishes and maintains during fundraising for a new fund. Frontenac also routinely responds to ad hoc requests from prospective investors for further information or analyses that will aid their investment evaluation.

Investors in the Funds participate in the overall investment program for the applicable Fund and generally cannot be excused from a particular investment except pursuant to the terms of the applicable Governing Documents. Frontenac, in its sole discretion, has entered into side letters or similar agreements with certain investors that have the effect of establishing rights under, or altering or supplementing, a Fund’s Governing Documents. Examples of side letter rights include, but are not limited to, certain fee arrangements, co-investment preferences, notification provisions, reporting requirements, tax assistance, confidentiality, exclusions from investing in certain regulated industries, among others. These rights, benefits or privileges are not always made available to all investors nor in some cases are they required to be disclosed to all investors. Side letters are negotiated at the time of an investor’s capital commitment, and once invested in a Fund, investors generally cannot impose additional investment guidelines or restrictions on such Fund.

**D. If you participate in wrap fee programs by providing portfolio management services, (1) describe the differences, if any, between how you manage wrap fee accounts and how you manage other accounts, and (2) explain that you receive a portion of the wrap fee for your services.**

Frontenac does not participate in wrap fee programs.

**E. If you manage client assets, disclose the amount of client assets you manage on a discretionary basis and the amount of client assets you manage on a non-discretionary basis. Disclose the date “as of” which you calculated the amounts.**

As of December 31, 2020, Frontenac managed regulatory assets of approximately \$628,600,000 on a discretionary basis. Frontenac does not manage any assets on a non-discretionary basis.

## Item 5 – Fees and Compensation

### A. Describe how you are compensated for your advisory services. Provide your fee schedule. Disclose whether the fees are negotiable.

As compensation for investment advisory services rendered to the Funds, Frontenac receives a management fee (the “Management Fee”). In general, each Fund pays Frontenac a 2% Management Fee that is initially based on total investor capital commitments to the Fund; then, after the end of the Fund’s stipulated commitment period, the Management Fee is based on capital invested in active portfolio companies. With respect to both Frontenac X and Frontenac XI, the Management Fee calculation changes to be based on capital invested in active portfolio companies as of the earlier of: (i) the date the commitment period terminates; or (ii) the date that Frontenac begins to receive a Management Fee from a successor fund. A portion of the committed capital that Frontenac “calls” or “draws down” from time to time from Fund investors frequently is used to pay Management Fees.

Although certain differences exist, Frontenac X and Frontenac XI’s Management Fees are generally subject to: (i) an 80% (or 100%, once certain conditions are met) fee offset for Advisory and Monitoring Fees (as defined immediately below); (ii) an 80% fee offset for breakup fees; and (iii) a 100% fee offset for placement fees. “Advisory and Monitoring Fees” means all (A) annual monitoring fees, advisory fees, management fees and directors’ fees and (B) without duplication, any other advisory, management services, diligence or other fees, in each case received by the Funds, Frontenac, the General Partners or any employee from portfolio companies in respect of a Fund’s investment in such portfolio companies (and including the net cash proceeds as and when received by the Funds, Frontenac, the General Partners or any employee, and, in each case, net of any amount necessary to reimburse the Funds, Frontenac, the General Partners or any employee for all unreimbursed costs and expenses incurred by them in connection with the liquidation of non-cash consideration or otherwise in connection with generating any such fees), but not including (v) any back office fees (described in more detail below), (w) any amount received by the Funds, Frontenac, the General Partners or any employee from a portfolio company as reimbursement for out-of-pocket expenses directly related to such portfolio company, (x) any amounts received by any CEO1ST executives or by other third parties appointed by the Funds, Frontenac, the General Partners or any employee to the board of directors of a portfolio company, (y) breakup fees and (z) to the extent applicable, DPO Fees (which mean amounts payable to Frontenac as reimbursement for agreed-upon amounts of compensation payable to the Director of Portfolio Operations employed by Frontenac for providing services to such Funds and/or its respective portfolio companies and/or to support Frontenac, its affiliates and/or their respective investment professionals in connection with their investment activities on behalf of such Funds).

Any such reduction of a Fund’s Management Fee is typically limited to the extent a Management Fee is payable by a Fund currently or in the future. Thus in the event a Fund does not pay a Management Fee or does not have an offset provision requiring the reduction of Management Fees, Frontenac will retain the portion of supplemental fees allocable to these Funds without reduction. Fees or expenses

borne by a Fund directly do not offset Management Fees, nor do any portfolio company directors' or board fees paid by a former portfolio company to a Frontenac employee who remains on the company's board of directors following the Fund's disposition of its investment in the company, if applicable.

To the extent that such an offset credit would reduce a Fund's Management Fee for a given quarter below zero, the credit will be carried forward for future application against payable Management Fees, and if a credit remains upon dissolution, a payment will be made to investors that have not elected to waive such amount for tax or other reasons. The amount and manner of such reduction is set forth in the relevant Governing Documents of the applicable Fund. Frontenac IX Management Fees are not subject to a fee offset.

Management Fees are generally not negotiable. Frontenac is permitted to reduce or waive Management Fees in its sole discretion, however, to date Management Fees for a given Fund are the same for all investors. All Management Fees were negotiated with the Fund's investors during the fundraising period of the applicable Fund and are not subject to negotiation thereafter. Frontenac does not accelerate Management Fees. For additional details regarding the calculation and timing of payment of Management Fees, please refer to the Governing Documents of each Fund.

Each Fund also pays performance-based compensation to Frontenac. See Item 6 for a description of performance-based compensation.

**B. Describe whether you deduct fees from clients' assets or bill clients for fees incurred. If clients may select either method, disclose this fact. Explain how often you bill clients or deduct your fees.**

Management Fees are generally deducted from the Funds' accounts on a quarterly basis, in advance, on the first business day of the quarter.

**C. Describe any other types of fees or expenses clients may pay in connection with your advisory services, such as custodian fees or mutual fund expenses. Disclose that clients will incur brokerage and other transaction costs, and direct clients to the section(s) of your brochure that discuss brokerage.**

### **Portfolio Company Remuneration**

As mentioned above, Frontenac receives certain Advisory and Monitoring Fees and breakup fees, as defined above, for performing management, advisory and other services for, portfolio companies of the Funds. These fees are in addition to the Management Fees paid by each Fund and reduce the amount of Management Fees payable by the applicable Fund; however, any such fees paid to the DPO (as provided in the relevant Governing Documents of the applicable Fund) and non-Frontenac employees (including, without limitation, any CEO1ST executive and any third party appointed by Frontenac or a Frontenac affiliate to serve on the board of directors of a portfolio company) is not

subject to an offset against Management Fees. The amount and manner of such fee offset, if any, is described above and set forth in the Governing Documents of the applicable Fund.

On occasion, in certain circumstances (such as a portfolio company's liquidity needs or otherwise) Frontenac determines in its discretion to waive, defer or renegotiate, in whole or in part, the amount of supplemental fees received from a portfolio company. Frontenac endeavors to require the payment of such fees only to the extent permitted by the earnings of the applicable portfolio company, and Frontenac will defer or forego the payment of such fees if the portfolio company's earnings or cash position render the payment of such fees too burdensome for the portfolio company. Frontenac makes such determinations on a case-by-case basis and reserves the right to take different actions (or no action) with respect to similarly-situated portfolio companies.

### **Fee Receipt Allocation**

From time to time, Frontenac, a Fund or a portfolio company (in their sole discretion) pays a transaction fee, an equity grant or other fee to a third-party, such as a consultant, adviser, CEO1ST executive, finder, placement agent, broker and/or investment banker. Similarly, on occasion certain members of a portfolio company management team receive additional compensation, including bonus payments based on the applicable portfolio company meeting certain success hurdles. Such compensation indirectly reduces the revenue available for distribution to the relevant Fund at the time of such portfolio company's sale. None of these fees or compensation offset Management Fees payable by a Fund.

### **Manager Expenses**

Frontenac pays all ordinary overhead and administrative expenses in connection with maintaining and operating its office (including salaries (with the exception of the DPO and back office reimbursements described above), bonuses, benefits, rent, travel (again with the exception of the reimbursements described above), entertainment and equipment expenses), subject to the terms of each Fund's Governing Documents.

### **Fund Expenses**

Each Fund is governed by its own Governing Documents, which detail a complete description of expenses for such Fund. While differences exist among Funds, the following is a description of expenses generally charged to each Fund. Each Fund bears certain other expenses directly relating to it and its subsidiaries and intermediaries, which include Fund organizational expenses (as further described below) up to a specified dollar limit and ongoing partnership expenses. Ongoing partnership expenses (which differs across Funds) include, but are not limited to: fees, costs, expenses, liabilities and obligations relating to a Fund's and/or its related entities' activities, investments and business (to the extent not borne or reimbursed by a portfolio company or a potential portfolio company), including, without limitation and without duplication: (i) all fees, costs, expenses, liabilities and obligations attributable to sourcing, diligencing, structuring, organizing, acquiring, financing,

refinancing, managing, operating, holding, taking public or private, valuing (including valuation databases such as CapitalIQ and IBIS), winding-up, liquidating, dissolving and disposing of a Fund's investments (including, without limitation, interest charges and bank and legal fees related to money borrowed by a Fund or by Frontenac on behalf of a Fund, registration expenses and brokerage, deal finder's, executive finder's, custodial and other fees, and tax penalties and accrued interest); (ii) outside legal, accounting, administration (including the expenses of any third-party administrator and of any software used for investor reporting and account administration), custodian, depositary (including a depositary appointed pursuant to AIFMD), auditing, insurance (including directors and officers and errors and omissions liability insurance and cybersecurity insurance), travel, appraisal, consulting, brokerage, deal finder's, executive finder's, financing, third-party valuation, filing, printing, title, transfer, registration, bank fees and expenses (such as annual filing fees and secure online portal fees), and other fees and expenses (including, without limitation, fees, costs and expenses associated with the preparation and distribution of the Funds' financial statements, annual and quarterly reports, federal and state tax returns, tax estimates and Schedule K-1s or any other administrative, regulatory, compliance or other Fund-related or investment-related reporting or filing (including Form PF and any Fund-related or investment-related filings or reports contemplated by AIFMD or any similar law, rule or regulation or FATCA), and any other reports or information furnished to investors, including, without limitation, accounting or financial management software and expenses associated with establishing and maintaining secure investor communications and/or investor reporting portals); (iii) all costs and expenses of each Fund's advisory board and General Partner; (iv) all out-of-pocket fees, costs, expenses, liabilities and obligations incurred by the Funds, Frontenac, the General Partners or any employee relating to investment and disposition opportunities for the Funds not consummated (including, without limitation, legal, accounting, auditing, insurance, travel, tax, consulting, data room, brokerage, finder's, financing, appraisal, filing, printing, real estate title, survey, reverse breakup, termination and other fees and expenses), including broken deal fees or expenses or similar fees and expenses with respect to co-investments that are not consummated; (v) all out-of-pocket fees and expenses incurred by the Funds, Frontenac, the General Partners or any employee in connection with the annual or other periodic (if any) meetings of the investor(s) and any other conference or meeting of the investor(s); (vi) the Management Fee; (vii) any taxes, fees and other governmental charges levied against the Funds (except to the extent that a Fund is reimbursed); (viii) placement fees which, while usually paid directly by Frontenac, if they were paid by the Fund, would then be applied (100% offset) to reduce the Management Fees payable; (ix) costs and expenses that are classified as extraordinary expenses under generally accepted accounting principles ("GAAP"); (x) unreimbursed costs and expenses incurred in connection with any transfer of an investor's interest in a Fund; (xi) any activities with respect to protecting the confidential or non-public nature of any information or data, including confidential information; (xii) compensation and out-of-pocket expenses of CEO1ST executives, including, but not limited to, retainer fees and travel and related expenses paid to either CEO1ST executives or a third party related to a CEO1ST executive or initiative; (xiii) all out-of-pocket fees and expenses incurred by the Funds, Frontenac, the General Partners or any employee in connection with any conference or meeting of CEO1ST executive(s) and/or CEO1ST candidate(s); (xiv) all costs and expenses of any meetings or conferences related to portfolio companies; (xv) expenses related to

attending industry meetings, conferences or similar events in connection with the evaluation of investment opportunities or business sector opportunities (including the evaluation of potential investments, regardless of whether such investment is ultimately consummated); (xvi) litigation and indemnification costs and expenses, judgments and settlements; and (xvii) for certain Funds, unreimbursed DPO fees charged to a portfolio company with respect to any calendar year. Notwithstanding anything in the foregoing sentence to the contrary, Fund expenses shall not include (A) organizational expenses, (B) ordinary overhead and administrative expenses, (C) any expenses included in the cost basis of any portfolio company, and (D) the costs and expenses of defending any tax audit, controversy or other proceeding initiated by the Internal Revenue Service or the taxing authority of any state to the extent that such audit, controversy or other proceeding relates to the treatment of the Management Fee waivers set forth in the Funds' Governing Documents. Costs and expenses noted above generally also include travel, private premium hired cars, premium lodging (including temporary housing), ground transportation and meals.

As detailed in the Fund XI Governing Documents, Fund XI portfolio companies are permitted to pay back office fees to Frontenac or the Fund XI General Partner as compensation for accounting or other back office services provided to such portfolio company other than in the ordinary course of business in connection with the acquisition, holding or disposition of such portfolio company, provided that such fees are no greater than would be the case if independent third parties were to provide such services, as determined by Frontenac in its sole discretion. To date, Frontenac has not charged the Funds for such expenses.

Out-of-pocket expenses associated with completed transactions are either billed directly to a Fund, reimbursed by portfolio companies or capitalized as part of the acquisition price of a consummated transaction. Out-of-pocket expenses associated with unconsummated transactions ("broken deal expenses") are paid by the relevant Fund(s) selected as proposed investors in such transaction.

For more information on Frontenac's brokerage practices, please see Item 12, below.

### **Expense Reimbursement**

Each portfolio company typically pays for or reimburses the Firm for certain expenses incurred in connection with Frontenac's performance of services for such portfolio company. Such expenses generally include, without limitation: (i) travel expenses, which often will include expenses for chartered or first-class travel and meals and entertainment expenses (such expenses including, as applicable, those relating to (A) the usage of premium black car and other car services, which from time to time include waiting time, (B) premium meals (including outside normal business hours) and (C) social and entertainment events, including closing dinners and mementos, with portfolio company management, customers, clients, borrowers, brokers and service providers); (ii) expenses relating to training programs, meetings, conferences or other events (to the extent such programs, meetings or events are attended by portfolio company personnel or Firm personnel on behalf of such portfolio company); (iii) expenses relating to hiring portfolio company personnel (including background checks, recruiting and relocation expenses); (iv) indemnification expenses; (v) insurance; (vi) consulting; (vii)

certain legal expenses; (viii) similar out-of-pocket expenses; (ix) consulting fees; and (x) other cash and non-cash compensation and expenses. In addition, to the extent a Fund or Frontenac initially bears the cost of certain fees or expenses but the benefit of the related services or expense is also received by another Fund, portfolio company or future fund or portfolio company, Frontenac will generally, subject to its ultimate discretion, cause such other Fund or portfolio company to reimburse the initial Fund or Frontenac for such fees or expenses. Reimbursement by a portfolio company of out-of-pocket expenses incurred by Frontenac, a General Partner or their respective affiliates will not be offset against the Management Fee payable by the Funds.

### **Organizational Expenses**

Each Fund bears all expenses incurred in connection with the organization and funding of that Fund, including, but not limited to, legal, accounting, filing, printing, travel, entertainment, capital raising, regulatory compliance (including the initial registrations, filings and compliance contemplated by AIFMD or any similar law, rule or regulation), any administrative or other filings, and other organizational expenses and other out-of-pocket expenses, including expenses (but not placement fees, after 100% offset) paid to third-party private placement advisors (including the costs of travel and entertainment of such private placement advisors). In the event a Fund's organizational expenses exceed the permitted limit as described in each Fund's Governing Documents, the Fund will not reimburse the relevant General Partner for such Fund's pro rata share of all excess organizational expenses but rather excess organizational expenses will be borne by Frontenac.

### **CEO1ST Executives**

Frontenac partners with CEO1ST executives to assist in building enduring portfolio companies; these CEO1ST executives are not employees or affiliates of Frontenac. The cost of CEO1ST executives (comprised of expense reimbursements and sometimes retainer fee payments) is borne by either: (i) the Funds, in instances where a potential CEO1ST executive (A) is being screened and/or are evaluating specific potential portfolio company investments with Frontenac on a short-term basis or (B) worked on a specific investment which was not consummated; or (ii) the relevant portfolio company, once such company becomes a portfolio company and the CEO1ST executive becomes an executive or chairman of that portfolio company. CEO1ST executives are also typically permitted to invest in the portfolio company for which they are advising and receive equity grants in such portfolio company. Certain fees payable to CEO1ST executives are associated with a particular transaction and will typically be included in the closing costs payable by the applicable portfolio company. The determination of the appropriate form and amount of compensation for such services takes into account a variety of factors but will ultimately be at the discretion of Frontenac. CEO1ST executives also on occasion work with existing portfolio companies on a consulting basis, and in such circumstances, any fees paid to, or expenses incurred by, such executives (including travel to and from portfolio company board meetings and other portfolio company business) in conjunction with this work are paid by the relevant portfolio company. Compensation and reimbursement amounts paid

to CEO1ST executives are not subject to the Management Fee offsets described above. Some CEO1ST executives are also investors in the Frontenac Funds.

### **Co-Investment Expenses**

As described above, in certain circumstances, Frontenac permits certain investors to co-invest directly into a portfolio company, subject to Frontenac's related policies and procedures, the relevant Governing Documents and/or side letter(s) or similar arrangements. In the event a proposed co-investment transaction is not consummated, the full amount of any fees and expenses generated in the course of evaluating such investment, including any broken deal expenses, would generally be borne by the Fund(s) that were intending to invest in the proposed transaction and not by any prospective co-investors that were to have participated in such transaction. However, to the extent that such co-investors are (i) contractually committed to invest in such portfolio company or (ii) have already invested in such portfolio company, such proposed co-investor is expected to bear its share of such broken deal expenses (which for follow-on investments will generally be capitalized at such portfolio company).

### **General Expense Allocation Methodology**

In good faith and in its fair and reasonable discretion, and where other procedures as described above do not supersede, Frontenac will determine on a case-by-case basis whether an expense should be borne by the Firm, a Fund or a portfolio company. To the extent that the Governing Documents do not expressly provide for a method of allocation or to the extent that an invoice does not relate to a specific Fund, Frontenac will typically allocate common expenses among multiple Funds on a pro rata basis and in accordance with its policies and procedures on expense allocation, unless another method is more equitable. Where one or more Funds to which an expense would otherwise be allocable are not permitted to receive an allocation based on the applicable Governing Documents, the portion of the expense attributable to such Fund(s) will be borne by Frontenac.

**D. If your clients either may or must pay your fees in advance, disclose this fact. Explain how a client may obtain a refund of a pre-paid fee if the advisory contract is terminated before the end of the billing period. Explain how you will determine the amount of the refund.**

The Funds pay Frontenac non-refundable Management Fees at the beginning of each fiscal quarter. The Funds generally invest on a long-term basis. Accordingly, Management Fees are expected to be paid, except as otherwise described in the Governing Documents, over the term of the Funds and investors generally are not permitted to withdraw or redeem interests in the Funds.

**E. If you or any of your supervised persons accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds, disclose this fact and respond to Items 5.E.1, 5.E.2, 5.E.3 and 5.E.4.**

Neither Frontenac nor any of its supervised persons accept compensation for the sale of securities or other investment products, other than as described in this Item 5 and in Item 6 below and throughout this Brochure.

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

**If you or any of your supervised persons accepts performance-based fees – that is, fees based on a share of capital gains on or capital appreciation of the assets of a client (such as a Client that is a hedge fund or other pooled investment vehicle) – disclose this fact. If you or any of your supervised persons manage both accounts that are charged a performance-based fee and accounts that are charged another type of fee, such as an hourly or flat fee or an asset-based fee, disclose this fact. Explain the conflicts of interest that you or your supervised persons face by managing these accounts at the same time, including that you or your supervised persons have an incentive to favor accounts for which you or your supervised persons receive a performance-based fee, and describe generally how you address these conflicts.**

A portion of the profits of each Fund is typically allocated and distributed to its General Partner as “carried interest” (the “Carried Interest”). A Carried Interest allocation represents an adviser’s compensation based on a percentage of net profits of the funds it manages. Each Fund’s General Partner receives a Carried Interest allocation in such Fund equal to 20% of all realized net profits subject to an 8% annually compounded preferred return (or hurdle) on all realized investments and subject to reimbursement of all relevant Fund partnership expenses, including Management Fees. Calculated based on cumulative realized gains/losses and income/losses, Carried Interest is allocated to a General Partner as portfolio holdings are liquidated or otherwise monetized and is generally subject to specified minimum valuation tests, as well as clawbacks in the event that a Fund’s General Partner is paid in excess of its entitled distribution. Further, with Frontenac X and Frontenac XI, each recipient of Carried Interest has signed a personal guarantee in which such individual has guaranteed that he/she will pay his/her share of any clawback liability to the Fund. Frontenac is permitted to agree to a different Carried Interest calculation for some investors in its sole discretion, including for investors who are Frontenac employees and their families.

Each Fund’s Carried Interest allocation is described in detail in the relevant Governing Documents and has been structured subject to Section 205(a)(1) of the Investment Advisers Act of 1940 (“Advisers Act”) in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3. The payment by the Funds of Carried Interest can create an incentive for Frontenac to disproportionately allocate time, services or functions to Funds paying Carried Interest, or allocate investment opportunities to such Funds. However, Frontenac believes this incentive is sufficiently mitigated due to the fact that: (i) all Frontenac Funds pay Carried Interest; (ii) Frontenac’s track record is crucial to the success of its fundraising efforts (and a strong fundraise benefits all

Frontenac individuals) so that Frontenac is incented to do well on all deals, regardless of whether the deals pay Carried Interest; (iii) Frontenac makes sure that its deal teams are appropriately staffed, so that its people have proper time to spend on each deal and do not need to make difficult time allocation decisions; (iv) the applicable Governing Documents create limitations on the ability of Frontenac to establish new investment funds; (v) the Funds are subject to certain contractual provisions requiring certain parallel Funds to purchase and sell investments contemporaneously; (vi) any losses the Funds sustain will reduce the General Partner's Carried Interest distribution; (vii) the fact that Carried Interest only has value after investors have received as distribution 100% of their capital contributions plus a preferred return related to realized investments and to Fund partnership expenses, including Management Fees, paid to date and is limited to the extent that the remaining (unrealized) investments do not pass a Fair Value Test as prescribed by the Funds' Governing Documents; and (viii) a General Partner often makes a substantial commitment to a Fund to invest its own capital alongside the investors.

For additional information regarding the conflicts of interest that Frontenac and its supervised persons may face as a result of the acceptance of performance-based fees as well as how such conflicts are generally addressed, please see Item 8 below.

Frontenac manages multiple Funds or other investment vehicles on a side-by-side basis. Management of multiple vehicles on a side-by-side basis has the potential to create conflicts of interest with regard to Frontenac's allocation of investment opportunities, expenses, time and attention of advisory personnel and consideration for certain transactions. Although Frontenac generally makes new investments for a Fund with the same investment objectives only after a predecessor Fund is substantially invested or committed as more fully described in the applicable Fund's Governing Documents, management of side-by-side Funds can create an incentive for the Firm or its personnel to favor a Fund or other investment vehicle in which Frontenac or an affiliate has a greater financial interest. To help minimize such conflicts of interest, Frontenac allocates investment opportunities which satisfy the investment parameters of more than one Fund will be allocated in accordance with Frontenac's policies and procedures regarding investment allocation, the applicable Governing Documents and taking into consideration certain factors, as determined in the Firm's sole discretion, which can include, but are not limited to: the amount of available capital commitments of the applicable Fund(s); anticipated future capital requirements of an investment opportunity; life-cycle of the applicable Fund(s); expected time to obtain liquidity; legal, tax and regulatory considerations; and any other factors deemed relevant by Frontenac. Frontenac's procedures are designed to ensure that all investment decisions are made in accordance with Frontenac's fiduciary duties to its Funds and without consideration of Frontenac's (or its affiliates' or employees') pecuniary interest. Frontenac will not allocate investment opportunities based in whole or in part on (i) the relative fee structure or amount of fees paid by any Fund or (ii) the profitability of any Fund. Frontenac's policies for the allocation of investments are determined by the investment committee.

## Item 7 – Types of Clients

**Describe the types of clients to whom you generally provide investment advice, such as individuals, trusts, investment companies, or pension plans. If you have any requirements for opening or maintaining an account, such as a minimum account size, disclose the requirements.**

Investment advice is provided directly to the Funds and not individually to the investors in the Funds. Investors in the Funds are sophisticated investors, consisting of vehicles owned by family offices, insurance companies and fund of funds, as well as foundations, trusts and high net worth individuals, among others. The requirements for investing in a Fund are set forth in the Governing Documents of each Fund. All Funds impose requirements that investors qualify as (i) “accredited investors” as defined in the Securities Act of 1933, as amended (“Securities Act”), and (ii) “qualified clients,” as defined in the Advisers Act; or (iii) “qualified purchasers” or “knowledgeable employees”, each as defined in the Investment Company Act of 1940, as amended (“Investment Company Act”). The Funds are not registered or required to be registered under the Investment Company Act; are not made available to the general public; their securities are not registered or required to be registered under the Securities Act; and Fund interests are privately placed to qualified investors. Qualified investors include individuals or entities to which Fund interests are allowed to be sold, which generally includes (i) in the United States, people or organizations who meet certain net worth, income and/or financial sophistication requirements as described above or (ii) in other countries as permitted by the relevant securities laws in such jurisdiction and in compliance with any foreign offering provisions applicable to Frontenac and/or the Funds. The Funds generally have a \$2 million minimum investment amounts for third-party investors; such minimum investment amounts can be waived by Frontenac in its sole discretion. Investors in the Funds must meet certain other suitability and net worth qualifications prior to making an investment in a Fund.

From time to time, Frontenac’s prospective portfolio companies require equity capital in excess of Frontenac’s funding capacity (based on maximums as set forth in the relevant Fund’s Governing Documents, while considering future equity funding needs of that potential portfolio company). In these situations, in order to complete a portfolio company transaction, Frontenac often reaches out to select investors and other third parties for additional capital. Such determinations are based on the provisions of the applicable Governing Documents, side letter agreements and such other factors as Frontenac will consider in its sole discretion, including those specified in its policies on investment allocation and co-investments. Subject to any restrictions contained in the Governing Documents of the relevant Fund or any side letter or other terms negotiated with respect to such Fund, in general no investor has a right to participate in any co-investment opportunity.

Opportunities to invest in a portfolio company are made available to select persons or entities, who are not necessarily Fund investors, including, without limitation, strategic investors, lenders, deal sources (including finders and consultants), other sponsors (including other private equity or venture capital firms), service providers, CEO1ST executives, other persons or entities affiliated, associated or

otherwise known to Frontenac or its personnel. Additionally, certain individuals who source transactions or provide financing have in the past and are expected in the future to negotiate co-investment rights or co-investment priority rights as a component of their compensation or other arrangements with the relevant Fund(s). Frontenac's exercise of discretion in allocating co-investment opportunities often will not result in proportional allocations among such co-investors and such allocations can be more or less advantageous to some co-investors relative to other co-investors. In such circumstances, the size of the investment opportunity otherwise available to Frontenac's Fund(s) is often less than it would otherwise have been without the inclusion of such co-investors.

Co-investments typically involve investment and disposal of interests in the applicable portfolio company at the same time and on the same terms as a Fund making the investment. However, from time to time, for strategic and other reasons, a co-investor purchases a portion of an investment from one or more Funds after such Fund(s) have consummated their investment in the portfolio company (also known as a post-closing sell-down or transfer). Any such purchase from a Fund by a co-investor generally occurs shortly after the Fund's completion of the investment to avoid any changes in valuation of the investment.

In the event Frontenac is not successful in offering a co-investment opportunity to potential co-investors, in whole or in part, a Fund may consequently hold a greater concentration and have greater exposure in the related investment opportunity than was originally intended, which could make the Fund more susceptible to fluctuations in value resulting from adverse economic and/or business conditions with respect thereto and would result in a greater concentration of risk as a result. Thus, an investment that is not syndicated to co-investors as originally anticipated could result in a significant impact to a Fund's overall investment returns.

For all Frontenac co-investments, co-investors make their capital contributions directly into a portfolio company (or its holding company), and not into a Frontenac Fund or Frontenac-managed special purpose vehicle. Frontenac does not consider such co-investments to be clients of Frontenac, does not charge a Management Fee or Carried Interest to the investment, does not include the amount of assets of the co-investment in the Firm's regulatory assets under management and does not have custody of the co-investment assets. Frontenac will perform management, advisory and other services for the portfolio companies in which these co-investors invest alongside the Funds, generally at no cost to such vehicles except expenses.

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

**A. Describe the methods of analysis and investment strategies you use in formulating investment advice or managing assets. Explain that investing in securities involves risk of loss that clients should be prepared to bear.**

Frontenac applies a disciplined approach to drive investment sourcing, selection and post-closing value creation which are grounded in four key tenets for the Firm:

*Sector Experts through the CEO1ST Program.* Frontenac was founded on the belief that people are the driving factor behind successful businesses. The Firm's CEO1ST program has formalized this approach for over 20 years. The strategy spans from origination, through company assessment and post-closing execution and includes the following components: (i) identifying the right partner; (ii) developing a sub-sector investment thesis; (iii) sourcing investment opportunities; (iv) empowering and aligning interests.

*Target Family and Founder-Owned Companies.* Frontenac seeks to capitalize on opportunities to professionalize and grow family and founder-owned businesses in the lower middle market. Since inception, the Firm has acquired over 200 family-owned companies, which provides significant pattern recognition to help identify opportunities and address challenges.

*Utilize Frontenac's Extensive Knowledge and Relationships in its Core Sectors.* The Firm has deep industry knowledge, experience and networks in the Core Sectors, which provide significant advantages throughout the transaction cycle from sourcing to value creation and exit.

*Focused Value Creation Efforts as the Lead Investor.* Frontenac is the lead investor in each platform investment. The Firm's investment team works closely with CEO1ST executives and portfolio company management to drive value creation efforts to meet underwriting goals.

An investment in any Fund involves a high degree of risk. A Fund may not meet its investment objectives or otherwise be able to successfully carry out its investment program. Therefore, an investment in a Fund should be undertaken only by investors whose financial resources are sufficient to enable them to bear the loss of all or part of their investment. Further details regarding the investment approach and objectives of a Fund can be found in its Governing Documents.

**B. For each significant investment strategy or method of analysis you use, explain the material risks involved. If the method of analysis or strategy involves significant or unusual risks, discuss these risks in detail. If your primary strategy involves frequent trading of securities, explain how frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.**

An investment in the Funds involves a high degree of risk, including the risk of a partial or total loss of capital, and investors must be prepared to bear capital losses which might result from investments. An investment in the Funds is speculative, illiquid and long-term in nature, and is suitable only for those investors who have the financial sophistication and expertise to evaluate the merits and risks of an investment in the Funds. Investors should also refer to a Fund's Governing Documents for a description of the risk factors specific to their Fund. Different or new risks not addressed below can, and are likely to arise in the future and, therefore, the following list is not intended to be exhaustive. Risks and potential conflicts of interest include, but are not limited to, the following:

*Competition for Investments.* The Funds expect to encounter competition from other entities having similar investment objectives. The activity of identifying, completing and realizing attractive

investments is highly competitive and involves a high degree of uncertainty. Potential competitors include other investment partnerships, corporations, business development companies, strategic industry acquirers and other financial investors investing directly or through affiliates. It is possible that some of these competitors will have more relevant experience, greater financial resources and more personnel than Frontenac. It is also possible that competition for appropriate investment opportunities will increase, thus reducing the number of opportunities available to a Fund and adversely affecting the terms upon which portfolio investments can be made. There can be no assurance that a Fund will be able to identify or consummate portfolio investments satisfying its investment criteria, that a Fund will be able to fully invest its committed capital or that such investments will satisfy a Fund's investment or performance objectives.

*Ability to Manage Rapid Growth.* The Funds expect many of their portfolio companies to grow rapidly. Rapid growth often places considerable operational, managerial and financial strain on a business. To successfully manage rapid growth, each Fund's portfolio companies must, among other things, rapidly improve, upgrade and expand their business infrastructures, deliver services and products on a timely basis, maintain levels of service expected by clients and customers and maintain adequate levels of liquidity. The financial returns of the Funds will suffer if its respective portfolio companies are unable to successfully manage their growth.

*Need for Follow-On Investments.* In certain circumstances, the Funds intend to provide additional funds to their respective portfolio companies in order to make add-on acquisitions or fund internal operations and growth. In addition, under certain circumstances a Fund will have the opportunity to increase its investment in a successful portfolio company. There is no assurance that a Fund will be able to make follow-on investments or that such Fund will have sufficient capital to make all of the follow-on investments that it desires. Any decision by a Fund not to make a follow-on investment or its inability to make such investments will potentially have a substantial negative impact on a portfolio company in need of such investment or can result in a lost opportunity for a Fund to increase its participation in a successful portfolio company.

*Ability to Exit Investments Successfully.* The ability of a Fund to achieve successful and profitable exits of its portfolio companies could be affected by a number of factors prevailing at the time, including general economic conditions, interest rates, availability of capital, interest levels of strategic and financial buyers and cyclical trends. It is difficult to predict with any certainty whether there will be a ready and willing market of buyers for any particular portfolio company at the time a Fund seeks a realization.

*Valuation.* There is not expected to be an actively traded market for most of the securities owned by the Funds. When estimating fair value, the relevant General Partner 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 have the potential to significantly differ from values that would have been determined had an active

market existed for such securities and can significantly differ from the prices at which such securities ultimately are sold. The Firm has established a valuation policy, which it will follow when performing portfolio company valuations. Frontenac does not intend to retain the services of a third-party valuation consultant to assist in performing portfolio company valuations. The valuation of the Funds' assets are performed internally by Frontenac's own team and such valuations are not reviewed by an independent third party; however, all valuations are subject to an annual review as part of each Fund's annual financial statement audit. The exercise of discretion in valuation by the Firm has the potential to give rise to conflicts of interest, including excess valuations which would impact the amount and timing of distributions of Carried Interest.

In addition, the Firm regularly reports to Fund investors, prospective investors and the investor community more generally, metrics of each Fund's performance, such as rates of return and multiples-of-money, whose calculation depends on the value of the Funds' investments, including unrealized investments. These reports are an indication of the overall health of a Fund and are important to the Firm's efforts to attract investors to the Firm and any current or future Fund. The Firm applies its valuation methodology consistently to each of its investments each quarter which helps to maintain objectivity of the calculations and eliminate influence these incentives have on fair value determinations.

*Projections are Only Estimates.* The Funds use financial projections to help analyze a potential investment or future capital raises and financing for portfolio companies or other transactions. A Fund will generally determine the appropriate capital structure of each portfolio company in which the Fund invests based upon financial projections for that company. Projected operating results will normally be based primarily on management judgments. In all cases, projections are only estimates of future results based upon assumptions made at the time the projections are developed. The inaccuracy of certain assumptions, the failure to satisfy certain financial requirements and the occurrence of other unforeseen events could impair the ability of a portfolio company to realize projected values. There can be no assurance that the projected results will be obtained, and actual results can vary significantly from the projections. General economic conditions, which are not predictable, can have a material adverse impact on the accuracy of projections.

*Operating and Financial Risks of Portfolio Companies.* Companies in which a Fund invests could deteriorate as a result of, among other factors, an adverse development in their business, a change in the competitive environment, or an economic downturn. As a result, companies which a Fund expected to be stable will, in some cases, (i) operate, or expect to operate, at a loss or have significant variations in operating results, (ii) require substantial additional capital to support their operations or to maintain their competitive position, or (iii) otherwise have a weakened financial condition or be experiencing financial distress.

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

*Investments Longer than Term.* It is possible that the Funds will make investments which cannot be advantageously disposed of prior to the date the respective Fund will be dissolved, either by expiration of such Fund's term or otherwise. Although each General Partner expects that its Fund's investments will be disposed of prior to dissolution or be suitable for in-kind distribution at dissolution and each General Partner has a limited ability to extend the term of its Fund, it is possible that a Fund will have to sell, distribute or otherwise dispose of investments at a disadvantageous time as a result of dissolution. In addition, although upon the dissolution of a Fund the General Partner (or the relevant liquidator) will be required to use reasonable efforts to reduce such Fund's assets to cash and cash equivalents, over such time as is reasonably necessary to settle gradually and close the Fund's business, there can be no assurances with respect to the time frame in which the winding up and the final distribution of proceeds to investors will occur.

*Financial Market Fluctuations.* General fluctuations in interest rates and market prices of securities has the potential to adversely affect the value of the portfolio companies in which the Fund invests. Instability in interest rates and the securities markets can increase the risks inherent in the Fund's investments. The ability of a particular portfolio company to refinance debt securities is likely to depend on its ability to sell new securities in the debt and equity markets, to borrow from banks or otherwise deal in financial markets.

*Economic Disruptions Due to Public Health Emergencies.* Pandemics and other widespread public health emergencies, such as, and including but not limited to the recent global spread of COVID-19 (the "coronavirus") have shown an ability to result in a broad-based economic decline and significant market volatility. In particular, the ongoing coronavirus outbreak has resulted in numerous deaths, adversely impacted global commercial activity and contributed to significant volatility in certain equity and debt markets. Pandemics represent economic threats that are subject to frequent and rapid change and therefore present material uncertainty and risk with respect to the Funds' performance and financial results. In an attempt to decrease the global impact of such pandemics, countries, states and municipalities have instituted quarantines, prohibitions on travel and the closure of offices, businesses, schools, retail stores and other public venues. Different countries, states and municipalities have instituted different levels of such security measures and have had varying levels of success in implementing such restrictions. This has resulted in sometimes stark geographic differences in economic activity as well as safety standards. Businesses have also implemented similar precautionary measures, notably including a significant shift to work-from-home and restrictions on business travel. The extent of the impact of any public health emergency on the Funds' and their portfolio companies' operational and financial performance will depend on many factors, including the duration and scope of such public health emergency, the extent of any related travel advisories and restrictions implemented, the impact of such public health emergency on overall supply and demand, goods and services, investor liquidity, consumer confidence and levels of economic activity and the extent of its disruption to important global, regional and local supply chains and economic markets, how quickly a vaccine can be rolled out and whether such vaccine will provide lasting benefits or if it will require annual inoculations, and governmental, regulatory and private sector safety precautions, all of which are highly uncertain and cannot be predicted.

Aside from the broad effects on the economy, the coronavirus has had specific implications for the Firm's operations and activities of its personnel, including employees needing to work from home to more significant impacts such as illness, restrictions on non-essential travel, difficulty hosting fundraising meetings and absence from in person portfolio company board meetings. The Firm instituted procedures in the spring of 2020, as it deemed appropriate, to deal with operational impacts from the coronavirus. Many of these procedures mirrored procedures contained in the Firm's Business Continuity Plan for dealing with other significant business disruption events. As the length of the current coronavirus pandemic has been extended, the Firm has considered additional or modified safeguards to reflect the fact that employees have been required to work from home for an extended period of time.

Additionally, although the Funds generally invest on a long-term basis in privately held companies that are less correlated to broader market forces, the impact of a global economic slowdown, including from a pandemic, has the potential to impact the Funds' performance and/or financial results by negatively affecting the Firm's ability to, among other things, source new investments, diligence such potential investments, exit current investments (or exit them at the valuations previously expected) or obtain financing. Depending on the specific industries in which the Funds' portfolio companies operate and where their supply and distribution chains are located, the coronavirus or other pandemics are likely to have an outsized impact on individual portfolio companies.

In addition to the potential impact on the Firm's operations and the overall profitability of a Fund, the Firm's portfolio companies can face their own operational challenges in dealing with the current pandemic. These include, but are not limited to, the possibility that employees will have to work remotely for extended periods of time or that a portfolio company's supply chain will be disrupted. The Firm has generally attempted to assist portfolio companies with implementing procedures to mitigate the impact of the coronavirus; however, there can be no assurance that such measures will ultimately be effective or that even if effective, that such portfolio company will not sustain significant financial losses. Depending on the length and severity of the current pandemic, it is possible that Firm personnel will continue to spend a significant amount of time and attention addressing implications from the coronavirus, including minimizing the impact at the Firm, the Funds or a specific portfolio company.

*Illiquidity of Portfolio Investments.* The Funds' investments in portfolio companies generally will be illiquid and not readily marketable, and the transferability of such investments generally will be restricted under the terms of the documents governing such investments. There can be no assurance that a Fund will be able to liquidate a particular interest in a portfolio company at the time and upon the terms it desires. Less marketable or illiquid investment positions will be more difficult to value than more marketable assets, due to the unavailability of reliable market comparables and other factors. The ability of a Fund to exit and achieve liquidity on its investments is dependent in large part on the condition of and valuations available in the public equity markets and valuations available in private negotiated transactions at the time, neither of which can be projected with any certainty. The sale of less marketable securities or other assets will generally require more time and result in lower prices,

due to higher brokerage charges or dealer discounts and other selling expenses, than the sale of more marketable assets. The disposition of illiquid assets can, on occasion, involve distributions in kind to the investors.

*Borrowing.* While investments in leveraged companies offer the opportunity for capital appreciation, such investments also involve a high degree of risk. Fund investments are expected to include portfolio companies, some of whose capital structures could have a significant degree of leverage, as a result of which recessions, operating problems and other general business and economic risk would be expected to have a more pronounced effect on the profitability or survival of such companies. Moreover, any rise in interest rates would significantly increase portfolio company interest expense, causing losses and/or the inability to service debt levels. If a portfolio company cannot generate adequate cash flow to meet debt obligations, a Fund is likely to suffer a partial or total loss of capital invested in the portfolio company.

Further, the cost and availability of leverage is highly dependent on the state of the broader credit markets (which can be impacted by regulatory restrictions and guidelines) which state is difficult to accurately forecast, especially in light of the uncertainty in connection with the ongoing COVID-19 pandemic. As a result, at times it can be difficult for portfolio companies to obtain or maintain the desired degree of leverage. The availability of leverage also is subject to governmental and regulatory oversight, and certain governmental bodies (including the U.S. Federal Reserve System, the U.S. Office of the Comptroller of the Currency and the U.S. Federal Deposit Insurance Corporation) can restrict or otherwise discourage lending that results in companies carrying large amounts of debt.

Although borrowings by a Fund have the potential to enhance overall returns that exceed the Fund's cost of capital, such borrowings increase the potential exposure of a Fund to a particular investment above the level the Fund would have typically made had an investment been limited to equity. Any such borrowings would further diminish returns (or increase losses on capital) to the extent overall returns are less than the Fund's cost of funds. To the extent a Fund uses borrowed funds in advance or in lieu of capital contributions or a portfolio company borrows funds directly through the Fund facility, the Fund's investors generally make later capital contributions, but the Fund will bear the expense of interest on such borrowed funds. Calling a large amount of capital at once to repay the then-current amount outstanding under the credit facility could cause liquidity concerns for investors that would not arise had the Firm called smaller amounts of capital incrementally over time as needed. This risk would be heightened for an investor with commitments to other funds that employ similar borrowing strategies or with respect to other leveraged assets in its portfolio; a single market event could trigger simultaneous capital calls, requiring the investor to meet the accumulated, larger capital calls at the same time. In addition, a Fund's use of borrowed funds has the potential to impact the calculation of net performance metrics (to the extent that they measure investor cash flows) and has the potential to make net IRR calculations higher than they otherwise would be without Fund-level borrowing, as these calculations generally depend on the amount and timing of capital contributions, which timing is shortened by virtue of the use of the line of credit either (i) by purchasing an investment prior to a capital call or (ii) by facilitating a distribution in advance of the settlement of a

transaction or in advance of when funds would otherwise have been available. The Funds typically pay interest on amounts borrowed under the credit facility. Funds customarily pay a one-time fee for establishing the credit facility as well as certain other one-time and recurring fees and expenses. While a Fund will bear the expense of borrowed funds, such borrowings can also increase the Carried Interest received by the Fund's General Partner by effectively reducing or eliminating the preferred return received by the investors and accelerating or increasing distributions of Carried Interest to the relevant General Partner. The General Partners therefore have a conflict of interest in deciding whether to borrow funds because a General Partner has the potential to receive disproportionate benefits from such borrowings. Frontenac's Funds use borrowings for administrative purposes and the balances on these borrowings are typically outstanding for 30-90 days.

Borrowing by a Fund will generally be secured by capital commitments made by investors to such Fund and/or by the Fund's assets, and documentation relating to such borrowing can provide that during the continuance of a default under such borrowing, the interests of the investors can be subordinated to such Fund-level borrowing, and the lenders have the ability to call capital directly from the investors. Moreover, tax-exempt investors should note that the use of borrowings by the Fund has the potential to cause the realization of UBTI.

*Bridge Investments.* From time to time, a Fund provides financing to portfolio companies on a short-term, unsecured basis in anticipation of a future issuance of equity or long-term debt securities. Such bridge financings would typically be convertible into more permanent, long-term securities; however, in certain circumstances outside of a Fund's control, it is possible that such long-term securities will not be issued and, in such cases such bridge financings would likely remain outstanding. In such event, the interest rate or other terms of such financings will not adequately reflect the risk associated with the unsecured position taken by a Fund.

A Fund has drawn on its line of credit to provide bridge financing to a co-investment vehicle or to a portfolio company. In such circumstances, the co-investment vehicle or portfolio company is not a guarantor on the line of credit although it did receive the benefit of the loan. The co-investment vehicle or portfolio company has repaid the loan and all interest and fees on the loan and the Fund did not incur any expenses associated with use of the Fund's line of credit for a co-investor's bridge financing (which will take into account factors in addition to the price of such debt).

*Investor Participation in Portfolio Company Financing.* On occasion a Fund investor places debt at a portfolio company. On such occasions, the Firm receives competitive bids from other debt providers and ensures that the transaction is made in the best interest of the portfolio company.

*Co-Investments.* Frontenac will, in its sole discretion, provide or commit to provide co-investment opportunities to one or more investors and/or other persons, in each case on terms to be determined by Frontenac in its sole discretion and in accordance with Frontenac's policies and procedures regarding co-investment opportunities. Conflicts of interest can arise in the allocation of such co-investment opportunities. There can be no guarantee that the allocation of co-investment opportunities, which can be made to one or more persons for any number of reasons as determined

by Frontenac in its sole discretion, will necessarily be in the best interests of a Fund or any individual investor. In exercising its sole discretion in connection with such co-investment opportunities, Frontenac will generally consider some or all of a wide range of factors, which include the likelihood that an investor will invest in a future fund sponsored by Frontenac or its affiliates. The Funds on occasion will co-invest with third parties through partnerships, joint ventures or other entities or arrangements. Such investments involve risks not present in investments where a third-party is not involved, including the possibility that a third-party partner will at any time have economic or business interests or goals that are inconsistent with those of the Funds, or will be in a position to take action contrary to the investment objectives of the Funds. In addition, the Funds can in certain circumstances be liable for actions of its third-party partner.

*Cybersecurity Risk and Identity Theft.* Cybersecurity incidents and cyber-attacks, both generally and within the financial services industry, have been occurring globally at a more frequent and secure level and will likely continue to increase in frequency in the future. With the increased use of technologies such as the Internet and the dependence on computer systems to perform necessary business functions, investment vehicles such as the Funds and its service providers can be prone to operational and information security risks resulting from cyber-attacks. In general, cyber-attacks result from deliberate attacks, but unintentional events can have effects similar to those caused by cyber-attacks. Cyber-attacks include, among other behaviors, stealing or corrupting data maintained online or digitally, denial-of-service attacks on websites, the unauthorized release of confidential information and causing operational disruption. Successful cyber-attacks against, or security breakdowns of, the Funds, the General Partners, Frontenac, or any Fund's third-party service providers has the potential to adversely impact the Funds or their investors. For instance, cyber-attacks have the potential to interfere with the processing of investor transactions, impact the Funds' ability to value its assets, cause the release of private investor information or confidential information of a Fund, cause reputational damage and subject the Funds to regulatory fines, penalties or financial losses, reimbursement or other compensation costs and/or additional compliance costs. The Funds can also incur substantial costs for cybersecurity risk management in order to prevent any cyber incidents in the future. The Funds and their investors could be negatively impacted as a result. While the Funds or their service providers have established business continuity plans and systems designed to prevent such cyber-attacks, there are inherent limitations in such plans and systems including the possibility that certain risks have not been identified. Similar types of cybersecurity risks are also present for portfolio companies in which the Funds invest, which could result in material adverse consequences for such portfolio companies, and can cause the Funds' investment therein to lose value.

To the extent that a portfolio company is subject to cyber-attack or other unauthorized access is gained to a portfolio company's systems, such portfolio company could likely be subject to substantial losses in the form of stolen, lost or corrupted: (i) customer data or payment information; (ii) customer or portfolio company financial information; (iii) portfolio company software, contact lists or other databases; (iv) portfolio company proprietary information or trade secrets; or (v) other items. In certain events, a portfolio company's failure or deemed failure to address and mitigate cybersecurity risks could be the subject of civil litigation or regulatory or other action. Any of such circumstances

could subject a portfolio company, or the Funds, to substantial losses. In addition, in the event that such a cyber-attack or other unauthorized access is directed at Frontenac or one of its affiliates or service providers holding its financial or investor data, Frontenac, its affiliates or a Fund could also be at risk of loss.

Although Frontenac has implemented various measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, Frontenac, the Funds and/or a service provider thereof will likely have to make a significant investment to fix or replace system components. The successful penetration or circumvention of the security of these systems, or a failure of these service provider's systems and/or of disaster recovery plans for any reason could cause significant interruptions in Frontenac's, the Funds' and/or a service provider's operations. This could result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors) and proprietary and/or confidential information relating to portfolio companies, the inability to access electronic systems, loss or theft of proprietary information or corporate data, physical damage to a computer or network system and costs associated with system repairs. Data taken in such breaches can be used by criminals in identity theft, to commit insider trading, in obtaining loans or payments under false identities and other crimes that could affect the investors directly as well as affect the value of assets in which a Fund invests. Such a breach or failure could harm Frontenac's, the Funds' and/or a service provider's reputation, subject any such entity and their respective affiliates to legal claims, compliance costs and otherwise affect their business and financial performance. In addition, Frontenac will likely incur substantial costs related to forensic analysis of the origin and scope of a cybersecurity breach, increased and upgraded cybersecurity, identity theft, unauthorized use of proprietary information, adverse investor reaction or litigation which costs, under certain circumstances, can be borne by a Fund.

*Reliance on Frontenac.* Frontenac will have sole discretion in structuring, negotiating and undertaking and eventually divesting investments on behalf of the Funds. Each Fund's success depends, to a great extent, on the ability of Frontenac to identify, negotiate and close investments and to eventually effect appropriate realization (exit) transactions with respect to such investments.

*Reliance on Portfolio Company Management.* Although it is the intent of the Funds to invest in companies with strong and stable management, there can be no assurance that the existing management team of a portfolio company, or any new one, will be able to operate such company successfully. Furthermore, although Frontenac will monitor the performance of each portfolio company, it will be primarily the responsibility of company management to operate the business on a day-to-day basis.

*No Participation in Management.* An investor will have no right to participate in the management of any Fund or in the conduct of its business. Any investor who participates in the control of a Fund could potentially become liable to creditors of and claimants against the Fund as if such investor were a General Partner. Investors will not receive the detailed financial information issued by portfolio companies which is available to Frontenac.

*Role of Private Equity Professionals.* The success of the Funds will depend in part upon the skill and expertise of Frontenac's private equity professionals. The economic interests of these professionals should tend to discourage them from withdrawing from participation in the Funds' investment activities. Should one or more of these individuals become incapacitated or in some way cease to participate in the Funds, the Funds' investment performance could be adversely affected. In any case, there can be no assurance that the composition of the professionals making up particular industry sector investment teams will not change over time, that the professionals included in such teams and who have contributed to the past performance of any prior Funds will continue to be members of the particular team or serve in the same or similar roles thereon or that such professionals will continue to be associated with Frontenac or its affiliates throughout the life of the Funds.

*Insufficient Investment Opportunities.* Although the Frontenac principals have been successful in identifying suitable investment opportunities in the past, there can be no guarantee that Frontenac will be able to continue to find a sufficient number of attractive opportunities at appropriate prices to meet each Fund's investment objectives. The business of identifying and structuring private equity transactions is highly competitive and involves a high degree of uncertainty. For Frontenac XI, investors will be required to pay quarterly Management Fees based on the entire amount of their commitments until the expiration of the commitment period, regardless of Frontenac's degree of success in identifying investment opportunities. However, following the expiration of the commitment period, Management Fees will be based on invested capital related to unrealized investments.

*Fund Expenses.* Expenses borne by the Funds (and as a result the investors) can be substantial. Expenses will generally be borne directly by a Fund or indirectly through reimbursement or payment, if any, by portfolio companies. In addition, each investor bears its pro rata share of a Fund's organizational and startup expenses in an aggregate amount as specified in each Fund's Governing Documents.

Expenses to be borne by a Fund will reduce the actual returns realized by investors on their investment in such Fund (and can, in certain circumstances, reduce the amount of capital available to be deployed by the Fund in investments). Fund expenses include recurring and regular items, as well as extraordinary expenses for which it is often hard to budget or forecast. As a result, the amount of Fund expenses ultimately called or called at any one time can potentially exceed amounts expected or budgeted by Frontenac.

From time to time, Frontenac will be required to decide whether costs and expenses are to be borne by a Fund, the Firm or a portfolio company. Certain expenses are sometimes suitable for only one Fund, a particular parallel fund or a participating other Frontenac Fund and borne only by such Fund, or, as is more often the case, expenses can be allocated pro rata among each participating other Frontenac Fund and all parallel Funds even if the expenses relate only to particular vehicle(s) and/or investor(s) therein. Frontenac will make such judgments in its good faith discretion, notwithstanding

its interest in the outcome, and can make corrective allocations after the fact should it determine that such corrections are necessary or advisable.

*Reserve for Contingent Liabilities.* Frontenac is permitted to from time to time set up a reserve for contingent liabilities which would reduce the amount otherwise distributable to an investor with respect to its interest by the Funds. In connection with the disposition of an investment, a Fund will often 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 any business and can be responsible for the content of disclosure documents under applicable securities laws. A Fund will also potentially be required to indemnify the purchasers of such investment or underwriters to the extent that any such representations or disclosure documents turn out to be inaccurate. These arrangements would result in the incurrence of contingent liabilities, which shall be borne by the respective Fund. In that regard, investors can be required to return amounts distributed to them to fund Fund obligations, including indemnity obligations. Furthermore, under the Delaware Revised Uniform Limited Partnership Act, each investor that receives a distribution in violation of such Act will, under certain circumstances, be obligated to recontribute such distribution to the Fund. In addition, a Fund is permitted to sell investments in public offerings. Such offerings can give rise to liability to such Fund if the disclosure relating to such sales proves to be inaccurate or incomplete.

*Concentration of Investments.* Frontenac has established guidelines generally limiting the amount of capital which can be invested in any single investment in a company (or group of investments in a single company) to twenty percent (20%) of the total commitments. Although it is the present intention of Frontenac to spread the capital at risk among a number of investments, subject to the foregoing limitation, the Funds will participate in a limited number of investments and at any time it is possible that they will hold a few relatively large (in relation to its capital) investments in portfolio companies, the negative performance of which could have a material adverse impact on each Fund's capital. Moreover, to the extent a Fund is unable to raise its targeted amount of capital, its ability to diversify will be reduced. Accordingly, the aggregate return to each Fund can be substantially affected by the performance of a single portfolio company.

*Reinvestment.* In general, the Funds have the authority to retain and use proceeds from investments for the payment of expenses, obligations, investments and other commitments; provided, that investments (excluding bridge financings) in portfolio companies plus the aggregate amount of then-outstanding Fund guarantees will not exceed 110% of the aggregate commitments with respect to each Fund at any given time. Furthermore, capital returned to investors from the disposition of an investment within twelve months of making such investment is permitted to be retained and reinvested (or recalled for reinvestment) by each Fund's General Partner or used (or recalled for use) by the General Partner for any purpose permitted under the Governing Documents.

*Interests Will Be Illiquid and Non-Transferable.* An investment in the Funds will be illiquid, and generally will be neither transferable nor subject to withdrawal prior to termination. There is no market for interests in the Funds, and none is expected to develop. Thus, it is possible that investors will not be

able to liquidate their investment, and interests in the Funds will not readily be accepted as collateral for a loan. Moreover, interests in the Funds are not redeemable and investors cannot transfer their interests in the Funds without prior consent of the General Partner, which can be withheld for any or no reason, in its sole discretion.

*Agreements with Certain Investors.* The General Partner, on its own behalf and on behalf of its respective Fund, has the authority, without the approval of any investor, to enter into a side letter or similar agreement with an investor, which has the effect of establishing, supplementing, or altering the terms (including economic terms) of the Governing Documents applicable to such investor, or such investor's subscription agreement, in a manner that is more favorable to such investor. Each such agreement can be amended, modified, waived or terminated by the General Partner and investor(s) who are parties thereto without the consent of any other investor, and no investor not a party to any particular agreement is intended to be a third-party beneficiary of such agreement.

## **Potential Conflicts of Interest**

*Allocation of Investment Opportunities.* Certain conflicts between the Fund and its investors, on one hand, and Frontenac and its affiliates or the employees, on the other hand, can arise with respect to the allocation of prospective investment opportunities to affiliates of Frontenac. Frontenac is obligated to present to the Fund all investment opportunities that it believes in good faith are suitable for and in the best interests of the Fund, as determined by Frontenac in its sole discretion. Frontenac generally only makes new platform investments in one Fund Group at a time. Therefore, the Firm generally does not face potential conflicts with regard to allocating investment opportunities among multiple Fund Groups.

If Frontenac is managing more than one active Fund, the Firm will complete making platform investments by the earlier vintage Fund prior to starting to invest the later vintage Fund. In deciding whether a Fund is done with making platform investments, the Firm will assess key factors which include, but are not limited, to the amount of available capital commitments of the applicable Fund(s), anticipated future capital requirements of an investment opportunity, expected time to obtain liquidity, limitations in the Governing Documents of the applicable Funds, investment guidelines, life-cycle, diversification guidelines, investment strategies and objectives, legal, tax and regulatory considerations, and any other factors deemed relevant by Frontenac. Neither Frontenac nor its affiliates shall be restricted with respect to follow-on investments in portfolio companies of prior Frontenac Funds or those of its affiliates.

The Firm's investment committee will review and approve all investment allocations. Frontenac will not allocate investment opportunities based in whole or in part, on: (i) the relative fee structure or amount of fees paid by any Fund or co-investment vehicles; or (ii) the profitability of any Fund.

*Investor Transfer of Interest.* In certain cases, Frontenac will have an opportunity (but, subject to any applicable restrictions or procedures in the relevant Governing Documents, no obligation) to identify one or more secondary transferees of interest in a Fund. In the case of ordinary transfers, Frontenac

will not receive compensation for identifying such transferees and will use its discretion to select such transferees based on eligibility and other factors, and unless required by the relevant Governing Documents, will determine in its sole discretion whether the opportunity to receive a transfer of Fund interests should be offered to one or more existing Fund investors.

*Affiliate Transactions.* It is expected that, from time to time, affiliates of Frontenac will provide services to a Fund or its portfolio companies. In such event, such services will be provided at no greater cost than would be the case if independent third parties were to provide such services. However, normally such services will not be put out for competitive bidding by third parties, and the determination of the competitive cost or rates for such services will be made by Frontenac in its sole discretion.

*Time Commitment.* The General Partners and its affiliates will be involved in the operation and management of other Frontenac Funds as well as other business, civic and charitable activities and, while it is expected that they will devote an adequate amount of time to the management of each Fund, conflicts of interest can arise with respect to allocating their professional time between Funds, charitable activities or other business pursuits.

*Other Fees.* Frontenac and its affiliates are entitled to receive fees from portfolio companies in connection with the provision of monitoring, advisory, or diligence services. With regard to Frontenac XI, Frontenac is entitled to also receive fees from portfolio companies in connection with the provision of accounting or other back office services. To date, Frontenac XI portfolio companies have not paid any such accounting or back office service fees.

*Diverse Investors.* The Funds' investors include taxable and tax-exempt entities and persons or entities organized in various jurisdictions. As a result, conflicts of interest can arise in connection with decisions made by Frontenac that have the potential be more beneficial for one type of investor than for another type of investor. In selecting investments appropriate for a Fund, Frontenac will consider the investment objectives of the Fund as a whole, not the investment objectives of any investor individually.

*Expense Allocations.* Subject to any relevant restrictions or other limitations contained in the Governing Documents of each Fund, Frontenac will allocate fees and expenses in a manner that it believes in good faith is fair and equitable under the circumstances and considering such factors as it deems relevant, but in its sole discretion. In exercising such discretion, Frontenac can be faced with a variety of potential conflicts of interest. As a general matter, expenses incurred on behalf of multiple Funds will be allocated among such Funds. The allocations of such expenses are not always proportional. Investors in a Fund are typically allocated (or otherwise bear) their pro rata share of such fees and expenses, which are calculated based on capital commitments, invested capital, available capital, or other metrics as determined by Frontenac in its sole discretion and in accordance with its policies and procedures regarding expense allocation.

Frontenac and its affiliates will from time to time incur fees, costs and expenses, including in connection with transactions not consummated, on behalf of the Funds. To the extent practicable, any fees, costs and expenses that are incurred in connection with a consummated investment will be charged to the applicable portfolio company. To the extent such fees, costs and expenses are not charged to a portfolio company, they will be paid by each Fund that participated or was expected to participate in such investment. The Funds will typically bear a portion of any such fees, costs and expenses in proportion to the size of its actual or proposed investment, or in such other manner as Frontenac considers, in good faith, to be fair and equitable. There are occasions when one Fund (the “Payor Fund”) pays an expense common to multiple Funds (the “Allocated Funds”). On such occasions, each Allocated Fund will reimburse the Payor Fund for its share of such expense, without interest, promptly after the payment is made by the Payor Fund. There are also occasions where the Firm or a Payor Fund pays an expense on behalf of a portfolio company. On such occasions, the portfolio company will reimburse the Firm or Payor Fund for the expense, without interest, and such reimbursement will not be subject to the fee offset provision.

Some expenses are incurred on behalf of one Fund which have the potential to benefit other Funds. For example, information Frontenac obtains in connection with a Fund’s research, due diligence and investment activities will be valuable to other Funds. Additionally, tools and resources developed at Frontenac’s expense will be the intellectual property of Frontenac and not the Fund.

A conflict of interest could arise in Frontenac’s determination whether certain costs or expenses that are incurred in connection with the operation of the Funds meet the definition of Fund operational expenses for which the Funds are responsible, whether such expenses should be borne by Frontenac or the manner in which Frontenac allocates expenses among the Funds. The Funds will be reliant on the determinations of Frontenac in this regard. From time to time, it is possible that subsequent review of allocations could result in an identification of expenses that should have been allocated in a different manner, in which case measures would be undertaken to correct such circumstance, which might include a reversal of the original expense allocations, if possible, or such other equitable adjustment believed by Frontenac to be the most appropriate corrective measure.

*Portfolio Company Board Service.* Frontenac principals and employees serve on the boards of Fund portfolio companies. Serving in such capacity has the potential to give rise to conflicts to the extent that an employee’s fiduciary duties to a portfolio company as a director conflict with the interests of a Fund in general; however, as the Funds are generally significant shareholders of such companies, it is expected that interests are aligned. Additionally, from time to time, portfolio company board members approve compensation and other amounts payable to Frontenac in connection with services provided by the Firm and its affiliates to such portfolio company, and, except to the extent such amounts are subject to the partnership agreement’s offset provision, are in addition to the Management Fee or Carried Interest. Frontenac’s authority to appoint or influence the appointment of portfolio company board members who will potentially be involved in approving compensation payable to the Firm subjects Frontenac and any such portfolio company board appointees to potential conflicts of interest. Additionally, fees earned by Frontenac principals and employees for sitting on

such portfolio company boards generally reduce Management Fees. However, fees received from service on portfolio company boards by CEO1ST executives and/or former Frontenac employees who retain board seats after their departure from Frontenac are not offset against Management Fees.

*Advisory Board.* Each of Frontenac's Funds has an advisory board, which is established under the respective Fund's offering and governing documents. Each Fund's advisory board is comprised of select investors of each Fund. A conflict of interest is expected to exist in that not all investors are asked to join a Fund's advisory board. All investors are bound by the determinations of the relevant advisory board, regardless of whether an investor partner is directly represented by a member of such advisory board. The Governing Documents will provide that to the fullest extent permitted by applicable law, none of the advisory board members shall owe any fiduciary duties to the Funds or any other investor. Members of the advisory board can have conflicts of interest that do not disqualify such members from voting or consenting to matters submitted to the advisory board for consideration or review. Members of the advisory board typically have various business and other relationships with Frontenac and its members, partners, CEO1ST executives, managers, directors, officers, employees and affiliates. These relationships have the potential to influence their decisions as members of the advisory board. To the extent that an investor is not directly represented by a member of the advisory board, such investor will have no influence over matters submitted to the advisory board for review or approval. On any issue involving actual conflicts of interest, Frontenac will be guided by its good faith discretion.

In addition, members of one Fund's advisory board would likely also be a member of another Fund's advisory board. In such instances, a conflict of interest could be deemed to exist because advisory boards are often requested to provide consent with respect to transactions which involve a conflict of interest between two or more Funds on which such advisory board members serve, and such members are unlikely to recuse themselves from any such vote.

*Transactions with Fund Investors.* Frontenac has entered into transactions with certain Fund investors such as, for example, investors who are also business partners, such as insurance agents, investment banks, broker-dealers, legal counsel or others who provide services (including mezzanine and/or other lending arrangements) to the Firm, its Funds and portfolio companies. The terms of these transactions are negotiated on an arm's-length basis; however, Frontenac is subject to a conflict of interest when determining such terms because Frontenac will generally benefit from retaining such investors' investment in the Funds.

*Industry Relationships.* As with many other private equity fund sponsors, as part of Frontenac's business, the principals, Frontenac and its employees have developed relationships with third parties which have the potential to raise conflicts of interest. Such third parties include investment bankers, lenders, consultants, professional advisors (such as attorneys and accountants), co-investors, current and former directors, officers and employees of current and former portfolio companies and former employees and members of Frontenac. Certain of these third parties will, on occasion: (i) introduce investment opportunities to Frontenac; (ii) arrange for, or facilitate the financing of, the purchase or

recapitalization of current and potential portfolio companies; (iii) introduce portfolio companies to potential acquisition or merger candidates; (iv) facilitate the disposition of portfolio companies; or (v) provide investment banking, consulting, legal or advisory services to Frontenac, the Funds, or portfolio companies. Such third parties also on occasion provide goods or services to or have business, personal, political, financial or other relationships with the principals. In addition, such third parties are sometimes investors in one or more Funds; co-invest in one or more portfolio companies; or provide other significant business or investment services to Frontenac, the Funds and/or their portfolio companies. These relationships have the potential to influence Frontenac in deciding whether to select or recommend any such third party to perform services for the Funds or a portfolio company. The cost of any services provided by such third parties will generally be borne directly or indirectly by the Funds or its portfolio companies, as applicable.

*Use of Expert Networks and Data Analytics.* In connection with the evaluation of potential investment opportunities, Frontenac on occasion engages expert networks and/or makes use of data analytics, including data provided by third-party vendors. Frontenac seeks to avoid inadvertently obtaining confidential information from such sources and has therefore implemented policies and procedures to mitigate the risk that the use of expert networks or data analytics could result in the receipt of confidential information by investment professionals.

*Data and Information.* Frontenac receives and generates various kinds of data and other information, including information related to financial, industry, market, business operations, trends, budgets, customers, suppliers, competitors and other metrics. This information allows Frontenac to better anticipate macroeconomic and other trends and otherwise develop investment strategies. As a result, Frontenac will potentially gain industry, sector and other general expertise and knowledge in connection with a company that will benefit a different Fund. In such circumstances where the benefitting company is in another Fund, one Fund will have borne the cost for value that will benefit the other. It is possible that Frontenac will in certain instances to use this information in a manner that would provide a material benefit to, or present a conflict of interest between, Frontenac, its affiliates, or to certain other Funds or investors without compensating or otherwise benefitting the Fund or Funds from which such information was obtained. In addition, Frontenac has an incentive to pursue investments in companies based on the data and information expected to be received or generated.

*Intangible Benefits.* Frontenac and its employees receive certain intangible and/or other benefits or perquisites arising or resulting from their activities on behalf of a Fund, including benefits and other discounts provided from service providers. For example, airline travel or hotel stays incurred as Fund expenses often result in “miles” or “points” or credit in loyalty/status programs to Frontenac and/or its employees, and such rewards or amounts will exclusively benefit Frontenac and/or such employees and will not be subject to the offset arrangements or otherwise shared with such Fund, its investors, or the portfolio companies.

*Conflicts Related to the Interpretation of Governing Documents and Other Legal Requirements.* The Governing Documents of each Fund and related documents are detailed agreements that establish complex arrangements among Frontenac, the investors, the Fund, the General Partner and other entities and individuals. Questions arise under these agreements regarding the parties' rights and obligations in certain situations, some of which will not have been contemplated at the time of the agreements' drafting and execution. In these instances, the operative provisions of the agreements, if any, can be broad, general, ambiguous or conflicting, and permit more than one reasonable interpretation. At times there will not be a provision directly applicable to the situation. While Frontenac will construe the relevant agreements in good faith and in a manner consistent with its legal obligations (and, when appropriate, in consultation with external legal counsel), the interpretations Frontenac adopts will not necessarily be, and need not be, the interpretations that are the most favorable to the Funds or their investors.

*Conflicts Related to the Withholding of Certain Information.* The Governing Documents of the Funds generally permit the applicable Fund's General Partner to withhold information from designated investors in such Fund under specified circumstances. For instance, information will at times be withheld from investors that are subject to Freedom of Information Act or similar requirements. The relevant General Partner will also from time to time elect to withhold certain information from investors for reasons relating to the General Partner's public reputation or overall business strategy, despite the potential benefits to such investors of receiving such information.

*Cross Fund Transactions.* In infrequent circumstances, Frontenac effects a cross transaction between Funds. Such cross fund transactions create conflicts of interest because by not exposing such buy and sell transactions to market forces, it is possible that (i) a Fund will not receive the best price possible or (ii) Frontenac will have an incentive to improve the performance of one Fund by selling underperforming assets to another Fund in order, for example, to earn fees.

**C. If you recommend primarily a particular type of security, explain the material risks involved. If the type of security involves significant or unusual risks, discuss these risks in detail.**

For information regarding the types of securities and portfolio companies in which the Funds invest, please see Item 4.B and Item 8.A, above.

## **Item 9 – Disciplinary Information**

**If there are legal or disciplinary events that are material to a client's or prospective client's evaluation of your advisory business or the integrity of your management, disclose all material facts regarding those events.**

Frontenac has no legal or disciplinary events that are material to an investor's evaluation of its advisory business or integrity of its management.

On occasion, in the ordinary course of its business, Frontenac is named as a defendant in a legal action. Although there can be no assurance of the outcome of such legal actions, Frontenac does not believe that any current legal proceeding or claim to which Frontenac is a party, if any, would individually or in the aggregate materially affect the Firm or the Funds' results of operations, financial position or cash flows.

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

**A. If you or any of your management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer, disclose this fact.**

Neither Frontenac nor any of its management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

**B. If you or any of your management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities, disclose this fact.**

Neither Frontenac nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor or an associated person of the foregoing.

**C. Describe any relationship or arrangement that is material to your advisory business or to your clients that you or any of your management persons have with any related person listed below. Identify the related person and if the relationship or arrangement creates a material conflict of interest with clients, describe the nature of the conflict and how you address it.**

1. Broker-dealer, municipal securities dealer, or government securities dealer or broker
2. Investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund)
3. Other investment adviser or financial planner
4. Futures commission merchant, commodity pool operator, or commodity trading advisor
5. Banking or thrift institution
6. Accountant or accounting firm
7. Lawyer or law firm
8. Insurance company or agency
9. Pension consultant
10. Real estate broker or dealer

## **11. Sponsor or syndicator of limited partnerships.**

Frontenac and its management persons have no relationships or arrangements that are material to Frontenac's advisory business or its Funds with related persons of the types listed above.

As described in Item 4 above, Frontenac's General Partners are deemed registered with the SEC under the Advisers Act pursuant to Frontenac's registration. Frontenac provides personnel and other services to these General Partners and other Firm entities. These affiliated entities operate as a single advisory business together with Frontenac and serve as General Partners of private investment funds. They share common owners, officers, partners, employees, consultants or persons occupying similar positions. These General Partner entities do not have employees of their own.

Frontenac has and will continue to develop relationships with professionals who provide services it does not provide, including, but not limited to, legal, accounting, banking, investment banking, tax preparation and insurance brokerage services. Some of these professionals provide services to the principals, the Funds or their portfolio companies. Additionally, some of these professionals are investors in Frontenac Funds, either personally or through their company.

From time to time, Frontenac receives training, information, promotional material, meals, entertainment, gifts or other perquisites from vendors and others with whom it does business or to whom it makes referrals. At no time will Frontenac accept any benefits, gifts, entertainment or other arrangements that are conditioned on directing Fund transactions or business to a specific provider. Similarly, Frontenac employees have in the past, and expect in the future, to speak at or attend conferences and programs for potential investors interested in investing in private funds and other industry events that are sponsored by various investment bankers, broker-dealers or others. Through such capital introduction and other industry events, prospective investors have the opportunity to meet with Frontenac. Neither Frontenac nor any Fund compensates these investment bankers, broker-dealers or others for organizing such events or for investments ultimately made by prospective investors attending such events other than registration, sponsorship, membership or other similar fees paid to attend such events.

**D. If you recommend or select other investment advisers for your clients and you receive compensation directly or indirectly from those advisers that creates a material conflict of interest, or if you have other business relationships with those advisers that create a material conflict of interest, describe these practices and discuss the material conflicts of interest these practices create and how you address them.**

Frontenac does not recommend or select other investment advisers for its Funds, so this Item is not applicable.

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

**A. If you are an SEC-registered adviser, briefly describe your Code of Ethics adopted pursuant to SEC Rule 204A-1 or similar state rules. Explain that you will provide a copy of your Code of Ethics to any client or prospective client upon request.**

As fiduciaries, Frontenac and its employees have certain legal obligations to put clients' interests ahead of their own. Pursuant to Rule 204A-1 of the Advisers Act, Frontenac has adopted a written code of ethics (the "Code") based on principles of openness, honesty, integrity and trust. The Code is designed to govern personal trading and reporting of personal securities transactions, gifts and entertainment and outside business activities, among other topics. The Code is based upon the principle that Frontenac and its supervised persons owe a fiduciary duty to the Firm's clients to conduct their affairs, including their personal securities transactions, to avoid: (i) serving their own personal interests ahead of clients; (ii) taking inappropriate advantage of their position with the Firm; and (iii) any actual or potential conflicts of interest or any abuse of their position of trust and responsibility. Upon hire, and at least once a year, each Frontenac supervised person is required to acknowledge the Code in writing and agree to be bound by it.

Violations of the Code can result in remedial actions including, but not limited to, censure, suspension or employment termination. Frontenac will, as it deems appropriate, choose to bring an ethics or conflict issue before a Fund advisory board for discussion or resolution. Each Fund has an advisory board comprised of investors of that particular Fund.

Frontenac will provide a copy of its Code to any prospective or existing investor upon request to its Chief Compliance Officer, Julia Bender, at (312) 368-0044 or [jbender@frontenac.com](mailto:jbender@frontenac.com).

**B. If you or a related person recommends to clients, or buys or sells for client accounts, securities in which you or a related person has a material financial interest, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.**

Certain principals and employees of Frontenac and its affiliates own an interest in the Funds either through a General Partner entity and/or as Fund investors. As mentioned above, Frontenac often will exempt an employee or affiliate from all or a portion of the Carried Interest allocation.

Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account, knowingly buys from or sells a security to an advisory client. This also applies to any affiliates or controlling persons of the adviser (*i.e.*, an owner, employee or affiliate of the adviser). Cross trades between funds can be deemed to be principal transactions if the adviser (and/or its affiliates, owners, or controlling persons) own, in the aggregate, 25% or more of either fund. In the context of Frontenac's business, a principal transaction would most likely refer to the practice of the General Partners or its members warehousing an investment for the formation of a future fund or

Frontenac or a Fund General Partner purchasing the interest of an existing investor. Agency cross transactions occur when an adviser or an affiliate arranges a transaction (*i.e.*, acts as broker) between two or more different funds or accounts that are managed by that same adviser or an affiliate. Agency cross transactions can also arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer. An adviser is not “acting as a broker” if the adviser receives no compensation (other than the advisory fee earned in the ordinary course of managing the assets) for effecting the transaction and therefore is not considered to be conducting an agency cross transaction under Section 206(3). In the context of Frontenac’s business, an agency cross transaction would occur when selling a portfolio company, investment or other asset from one Fund to another. To date, Frontenac has not sold assets from one Fund to another.

On occasion, in connection with the formation of a new Fund, it is possible that Frontenac will consider investing in a portfolio company as a principal and subsequently transferring the investment to the new Fund once the new Fund is formally established. These principal transactions would generate a potential conflict of interest if there were any difference in the price paid by Frontenac and the price paid by the new Fund (in practice, this circumstance has never occurred) or if there were a fee paid to Frontenac for facilitating the transaction. Frontenac has established policies and procedures to comply with Advisers Act requirements for principal transactions and these policies require approval of the transaction by the respective Fund’s advisory board to assure fairness to the Fund and its investors.

In the event Frontenac were to recommend a principal transaction or agency cross transaction, the CCO will ensure that Frontenac abides by the following procedures: (i) Frontenac will disclose to the Fund (as relevant and required, the investors, General Partner or advisory board of the affected Fund empowered to deal with conflicts) in writing, before the completion of the transaction, the capacity in which Frontenac is acting; (ii) Frontenac will obtain the consent of the affected Fund investors (including, where required, consent given by a Fund’s investors, General Partner or advisory board) to enter into the transaction; (iii) the Fund’s relevant organizational and related documents are reviewed to confirm that the transaction is permitted under such documents; and (iv) the CCO will make a determination, which may be based on information provided by other Supervised Persons, that the transaction is in the interest of the Fund and is consistent with Frontenac’s fiduciary duties to such Fund.

**C. If you or a related person invests in the same securities (or related securities, e.g., warrants, options or futures) that you or a related person recommends to clients, describe your practice and discuss the conflicts of interest this presents and generally how you address the conflicts that arise in connection with personal trading.**

In rare cases, Frontenac’s business can provide it and its employees with access to material non-public (“insider”) information. The Firm’s Code includes a prohibition on insider trading and outlines strict policies that dictate how any such information is treated.

Frontenac's supervised persons are permitted to make securities transactions in their personal accounts, subject to certain limitations. However, supervised persons are prohibited from trading, either personally or on behalf of others, in securities while in possession of material non-public information or communicating material non-public information about such securities to others. While it is uncommon for Frontenac to have access to any material non-public information, the Firm maintains a restricted list of those securities about which it does or may possess material non-public information. Supervised persons' securities transactions are monitored; supervised persons submit reports of transactions no less than quarterly of security transactions for their own accounts or any account in which they have a direct or indirect beneficial interest. Moreover, supervised persons are prohibited from buying or selling publicly traded securities on the Firm's restricted list without the pre-approval of the CCO.

The principals and employees of Frontenac will occasionally carry on investment activities for their own account and for family members, friends or others who do not invest in the Funds which will potentially differ from advice given to, or securities recommended or bought for, the Funds, even if their investment objectives are the same or similar. In addition, principals, supervised persons and affiliates are permitted to buy securities in transactions offered to, but rejected by, the Funds or that are outside the investment mandate of the Funds.

**D. If you or a related person recommends securities to clients, or buys or sells securities for client accounts, at or about the same time that you or a related person buys or sells the same securities for your own (or the related person's own) account, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.**

Because of the private nature of its Fund investments, Frontenac does not typically face a situation where an employee buys or sells a security for his or her own account at or about the same time that the Firm is also buying or selling the same securities for a Fund. A supervised person wishing to purchase or sell an interest in a Frontenac portfolio company is required to seek pre-approval from the Chief Compliance Officer for such transaction.

The Governing Documents for each Fund include a description of what Frontenac believes to be the most significant conflicts of interest associated with an investment in such Fund, many of which are described above in Item 8. Investors should carefully consider the conflicts of interest herein as well as those outlined in each applicable Fund's Governing Documents prior to investing in a Fund.

## **Item 12 – Brokerage Practices**

**A. Describe the factors that you consider in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).**

Typically, the Funds' investments in portfolio companies are private transactions directly negotiated

between prospective portfolio companies (or their representatives) and Frontenac and are not facilitated by broker-dealers engaged by Frontenac or the Funds. However, portfolio companies periodically engage broker-dealers or investment bankers to perform various services, such as assisting in capital-raising or the sale of a portfolio company. In such privately negotiated transactions, best execution is met by the consummation of the deal with the best possible terms for the Fund. Frontenac, as a principal owner and through its representation on the company's board, will often be in a position to influence the selection of a broker-dealer or investment banker. Such selection is typically a board-level decision based on several factors, which will not be limited solely to ultimate deal price, and including, without limitation: (i) Frontenac's prior experience with the broker-dealer or investment banker; (ii) the broker-dealer or investment banker's execution capability, financial responsibility, reputation and expertise within the industry; (iii) the broker-dealer or investment banker's responsiveness to the Firm; (iv) the broker-dealer or investment banker's expertise in dealing with investments that are restrictive or illiquid in nature; (v) the value of any research services provided; and (vi) commission rates, among other factors the Firm deems relevant to the specific transaction.

Although Frontenac generally seeks competitive commission rates, it will not necessarily pay the lowest commission or commission equivalent, especially in private securities transactions that rely heavily on the specialty services or experience of a broker-dealer or investment banker that operate outside of a competitive bidding environment. Transactions that involve such specialized services on the part of the broker-dealer or investment banker can thereby entail higher commissions or their equivalents than would be the case with other transactions requiring more routine services.

Additionally, if a portfolio company owned by a Fund were to publicly register a class of securities, the Fund's exit from that investment will typically be facilitated by one or more broker-dealers. In that event, Frontenac would most likely select the broker-dealer used in the sale of the relevant Fund's investment in that portfolio company and consider the factors listed above.

### **1. Research and Other Soft Dollar Benefits.**

Frontenac does not receive research or other soft dollar benefits in connection with securities transactions for the Funds.

### **2. Brokerage for Client Referrals.**

Frontenac does not receive client referrals in connection with selecting or recommending broker-dealers for the Funds.

### **3. Directed Brokerage.**

Frontenac does not engage in directed brokerage.

**B. Discuss whether and under what conditions you aggregate the purchase or sale of securities for various client accounts. If you do not aggregate orders when you have the opportunity to do so, explain your practice and describe the costs to clients of not aggregating.**

Frontenac forms parallel funds to invest pro rata in portfolio companies. See Item 4.A, Item 6 and Item 11.D, above, regarding Frontenac's practices regarding side-by-side investing in the same portfolio companies.

### **Item 13 – Review of Accounts**

**A. Indicate whether you periodically review client accounts or financial plans. If you do, describe the frequency and nature of the review, and the titles of the supervised persons who conduct the review.**

The portfolio company investments held by the Funds are private, illiquid and long-term in nature; therefore, Frontenac's review of them is not directed toward a short-term decision to dispose of securities. Frontenac holds board seats for every investment it makes. Frontenac has a dedicated monitoring team of employees assigned to each portfolio company which includes at least one of the Firm's managing directors. Moreover, partners of Frontenac monitor portfolio company performance through regular management meetings, as well as detailed reviews of specific portfolio companies that occur as needed. Frontenac's team of investment professionals closely monitors and conducts quarterly reviews of the Fund's portfolio companies and maintains ongoing oversight. These reviews include, without limitation, sales trends, margins, profitability, debt to equity ratios, bank covenant compliance, material business developments, competitive landscape and management. Decisions as to when to purchase or sell a portfolio company are made by the investment committee.

**B. If you review client accounts on other than a periodic basis, describe the factors that trigger a review.**

Frontenac's team of investment professionals would perform additional reviews in the event that a portfolio company was contemplating a subsequent financing, potential acquisition or liquidity event, or if there were a serious performance issue at a portfolio company.

**C. Describe the content and indicate the frequency of regular reports you provide to clients regarding their accounts. State whether these reports are written.**

Frontenac furnishes to all Fund investors unaudited financial statements for the first three quarters of each fiscal year within 45 days of each quarter's end and annual audited financial statements prepared in accordance with United States generally accepted accounting principles ("GAAP") as promulgated by the Financial Accounting Standards Board ("FASB"), accompanied by the report of the independent certified public accountant, within 120 days of calendar year end, or earlier as required pursuant to relevant Governing Documents. In addition, Frontenac provides the following items in conjunction with the production of unaudited and audited financial statements: partner capital account

statements; a historical investment summary which provides a description of each investment, the cost, realized proceeds and unrealized valuation of each investment; a schedule of changes in unrealized valuation by investment; and a summary for each unrealized portfolio company investment, providing information about the companies' business, management, operations, and financial performance. All reports are provided to investors in writing. Most Fund investors have affirmatively consented to receive reports through a secure IntraLinks electronic portal, but in a few cases Frontenac mails printed reports to Fund investors who have expressed a preference for manual delivery. The Firm also has contact with investors (personal visits, telephone and email) throughout the year.

In the course of conducting due diligence or as part of their ongoing reporting and analysis, investors periodically request information pertaining to Frontenac's investments. Frontenac responds to these requests, and in answering these requests provides information that is not generally made available to other investors who have not requested such information. While Frontenac does not have an obligation to update any such information provided, the Firm endeavors to provide the information requested in the most current form available. Additionally, as it pertains to existing investors, upon request or pursuant to contractual obligations, certain investors receive additional information and reporting that other investors do not receive. The fact that Frontenac provides such information upon request to one or more investors does not obligate Frontenac to affirmatively provide such information to all investors. As a result, certain investors will have more information about a Fund than other investors, and Frontenac has no duty to, and does not intend to, ensure all investors seek, obtain or possess the same information regarding a Fund and its investments and/or portfolio companies.

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

**A. If someone who is not a client provides an economic benefit to you for providing investment advice or other advisory services to your clients, generally describe the arrangement, explain the conflicts of interest, and describe how you address the conflicts of interest. For purposes of this Item, economic benefits include any sales awards or other prizes.**

Frontenac receives certain non-investment advisory fees in connection with the Funds' investments and portfolio companies, as described above in Item 5 and as disclosed in the relevant Fund's Governing Documents. For example, Frontenac is entitled to receive certain Advisory and Monitoring Fees, breakup fees, management services, diligence or other fees from a portfolio company for services provided to the portfolio company, including serving on the board of directors of a portfolio company. Generally, an allocable percentage of such fees are offset against the Management Fee of the relevant Fund as per each Fund's Governing Documents.

These types of fee arrangements present potential conflicts of interest and provide Frontenac with an incentive to recommend investments based on compensation received rather than the best interests of a Fund. Frontenac believes that the General Partner members' personal investment in the Funds

helps to mitigate this conflict of interest. In addition, an allocable portion of such benefits received by Frontenac or its employees in connection with services rendered to portfolio companies or transactions of the Funds is generally offset in part or in whole against Management Fees payable by such Fund, to the extent described briefly above in Item 5 and as further detailed in each Fund's Governing Documents.

**B. If you or a related person directly or indirectly compensates any person who is not your supervised person for client referrals, describe the arrangement and the compensation.**

When raising capital for a new Fund, Frontenac engages the services of a registered broker-dealer to serve as a placement agent for Fund units. Placement fees typically include both a fixed, non-refundable advisory fee and a scaled placement fee based on a percentage of capital commitments from investors in excess of a stated threshold. Placement fees are payable by the Funds and offset dollar-for-dollar against the Management Fee, although related expenses incurred pursuant to the relevant placement agent agreement, including but not limited to placement agent travel, meal and entertainment expenses, are borne by the Fund as part of its organizational expenses.

## **Item 15 – Custody**

**If you have custody of client funds or securities and a qualified custodian sends quarterly, or more frequent, account statements directly to your clients, explain that clients will receive account statements from the broker-dealer, bank or other qualified custodian and that clients should carefully review those statements. If your clients also receive account statements from you, your explanation must include a statement urging clients to compare the account statements they receive from the qualified custodian with those they receive from you.**

By its affiliation with each Fund's General Partner and the ability of the relevant General Partner to deduct fees from Fund accounts, Frontenac or an affiliate is deemed to have custody over its Funds' assets. In accordance with Advisers Act Rule 206(4)-2 (the "Custody Rule"), Funds are audited annually by an independent public accounting firm registered with, and subject to inspection by, the Public Company Accounting Oversight Board ("PCAOB") and Frontenac distributes audited financial statements (prepared in accordance with GAAP) to each Fund's investors within 120 days of each Fund's fiscal year end, or earlier as required pursuant to the terms of each Fund's Governing Documents. In addition, upon the final liquidation of a Fund, Frontenac will obtain a final audit and distribute audited financial statements prepared in accordance with GAAP with respect to such Fund to all underlying investors promptly upon completion of the audit. Investors in the Funds are encouraged to carefully review such financial statements.

Frontenac does not accept physical custody of Fund assets (other than certain privately offered securities to the extent permitted by the Advisers Act). Called capital is directly sent or wired into the respective Fund's account maintained with a qualified custodian. Frontenac receives monthly statements from each of its qualified custodians on behalf of the Funds. Further information about Frontenac's qualified custodians is available in its Form ADV Part 1, Section 7.B.(1).

Frontenac does not retain custody of any co-investment vehicles or act as an adviser to any co-investment vehicles; thus any co-investment vehicles in which Frontenac participates are not subject to Frontenac's custody requirements.

#### **Item 16 – Investment Discretion**

**If you accept discretionary authority to manage securities accounts on behalf of clients, disclose this fact and describe any limitations clients may (or customarily do) place on this authority. Describe the procedures you follow before you assume this authority (e.g., execution of a power of attorney).**

Pursuant to the terms of each Fund's Governing Documents, each Fund retains Frontenac on a fully discretionary basis and authorizes Frontenac to determine and direct execution of portfolio transactions, which include buying and selling securities and other investments on behalf of the Funds. Frontenac provides investment advice directly to the Funds, subject to the discretion and control of the relevant General Partner, and not to the individual investors in the Fund. To invest in a Fund, a prospective investor must complete and execute, among other documents, a subscription agreement and a limited partnership agreement (or similar agreement) with such Fund. Each Fund's Governing Documents contain a power of attorney that grants each Fund's General Partner certain powers related to the orderly administration of the affairs of the Fund. Once an investor executes its subscription agreement, with limited exceptions, such as certain conflicts of interest as discussed elsewhere in this Brochure, Frontenac is not required to contact an investor prior to transacting any business.

Generally, Frontenac's only restrictions with respect to managing a Fund, such as (but not limited to) the type of securities in which it will invest, are contained in the relevant Fund's Governing Documents. However, an investor in a Fund can seek to impose limitations on Frontenac's investment authority through a side letter agreement and the Firm can choose to accept such limitations at its sole discretion. Any limitations placed upon Frontenac's investment authority with respect to any investor's investment must be in writing and agreed to by Frontenac and such investor. Each Fund's Governing Documents set forth the requirements for disclosing the existence and content of such side letters to other investors; however, while some investors are provided with rights to receive the same side letter provisions (through "most favored nation" provisions), other investors generally are not provided with rights to receive those side letter provisions. These rights are based on commitment size and other factors.

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

**A. If you have, or will accept, authority to vote client securities, briefly describe your voting policies and procedures, including those adopted pursuant to SEC Rule 206(4)-6. Describe whether (and, if so, how) your clients can direct your vote in a particular solicitation. Describe how you address conflicts of interest between you and your clients with respect to voting their securities. Describe how clients may obtain information from you about how you**

**voted their securities. Explain to clients that they may obtain a copy of your proxy voting policies and procedures upon request.**

By virtue of the applicable Governing Documents, Frontenac has the authority to vote proxy statements on behalf of the Funds. However, given the nature of Frontenac's advisory services, Frontenac's Funds seldom hold public securities on behalf of its Funds. From time to time, portfolio companies request Frontenac (usually through the General Partner of the applicable Fund) to consent to certain issues pertaining to the portfolio company's business and requiring equity owner approval. In these cases, Frontenac considers factors that could affect the value of the investment and will act in the manner that it believes maximizes the value of its long-term investment in portfolio companies. Frontenac generally believes its interests are aligned with those of the Funds' investors through the principals' beneficial ownership interests in the Funds and therefore will not seek investor approval or direction when voting Fund securities on any matter requiring a vote of Fund members or shareholders, or when giving consent on any matter requiring the consent of members or shareholders. In the event that there is or may be a conflict of interest in voting on portfolio company issues, Frontenac has adopted a proxy voting policy in accordance with Advisers Act Rule 206(4)-6 which provides that the Firm can address the conflict using several alternatives, including by seeking the approval or concurrence of an advisory board on the proposed vote, or through other alternatives set forth in Frontenac's proxy voting policy. Frontenac does not consider service on portfolio company boards by Frontenac personnel or its receipt of nominal board fees to create a material conflict of interest in voting proxies with respect to such companies.

Frontenac will provide a copy of its proxy voting policy to any existing or prospective investor upon request to Julia Bender, the Chief Compliance Officer, at (312) 368-0044 or [jbender@frontenac.com](mailto:jbender@frontenac.com). Investors can also obtain information from the Firm, free of charge, about how Frontenac voted any previous proxies, if any.

**B. If you do not have authority to vote client securities, disclose this fact. Explain whether clients will receive their proxies or other solicitations directly from their custodian or a transfer agent or from you, and discuss whether (and, if so, how) clients can contact you with questions about a particular solicitation.**

See Item 17.A, above.

## **Item 18 – Financial Information**

**A. If you require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, include a balance sheet for your most recent fiscal year.**

Frontenac does not require or solicit prepayment of more than \$1,200 in fees per Fund, six months or more in advance.

**B. If you have discretionary authority or custody of client funds or securities, or you require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, disclose any financial condition that is reasonably likely to impair your ability to meet contractual commitments to clients.**

Frontenac has no financial condition that impairs its ability to meet contractual commitments to its Funds.

**C. If you have been the subject of a bankruptcy petition at any time during the past ten years, disclose this fact, the date the petition was first brought, and the current status.**

Frontenac has not been the subject of any bankruptcy petition.

## Brochure Supplement

### Form ADV Part 2B: BROCHURE SUPPLEMENT

# Frontenac

One South Wacker Drive, Suite 2980

Chicago, IL 60606

Contact: Julia Bender

(312) 368-0044 (phone)

(312) 368-9520 (fax)

**March 20, 2021**

This Brochure Supplement provides information about Frontenac Company LLC (“Frontenac” or the “Firm”) that supplements the Frontenac Brochure. Please contact Julia Bender, Frontenac’s Chief Compliance Officer, who can be reached at (312) 368-0044 or [jbender@frontenac.com](mailto:jbender@frontenac.com) if you did not receive Frontenac’s Brochure or if you have any questions about the contents of this Brochure Supplement.

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

**Paul D. Carbery**

Year of Birth: 1961

Managing Partner

Frontenac Company LLC

One South Wacker Drive, Suite 2980

Chicago, IL 60606

Phone: (312) 368-0044

**Item 2 – Educational Background and Business Experience**

Paul D. Carbery joined Frontenac in 1989 and has served as a Managing Partner since 2014, having previously served as a Managing Director since 1989. Mr. Carbery received a B.A. from Yale University and an M.B.A. from Stanford University.

**Item 3 – Disciplinary Information**

Mr. Carbery has never been the object of any legal or disciplinary event, proceeding or action.

**Item 4 – Other Business Activities**

Mr. Carbery serves on the board of Frontenac portfolio company(ies). Mr. Carbery's appointment on such boards has been designated in the best interest of the Funds and their respective investors. Serving on portfolio company boards could lead to potential conflicts of interest. For example, a conflict of interest can arise between Mr. Carbery's fiduciary duties to the portfolio company on which he serves and his duty to Frontenac, as there can be no guarantee that decisions that are in the portfolio companies' best interest will necessarily be in Frontenac's best interests. As the Funds will generally be significant shareholders of such companies, it is expected that such interest will generally be aligned; however, appropriate measures have been taken whereby Mr. Carbery intends to recuse himself in such circumstances from the decision-making process.

Other than the Frontenac Fund portfolio company boards, Mr. Carbery is not actively engaged in any outside business activities or occupation for compensation that could potentially create a conflict of interest with the Funds.

**Item 5 – Additional Compensation**

Mr. Carbery does receive an economic benefit for providing advisory services, other than the compensation received from Frontenac.

**Item 6 – Supervision**

Mr. Carbery is supervised on compliance matters by Frontenac's Chief Compliance Officer, Ms. Bender, (312) 368-0044. For investment matters, the investment committee is responsible for approving and monitoring all investments.

**Walter C. Florence**

Year of Birth: 1969

Managing Partner

Frontenac Company LLC

One South Wacker Drive, Suite 2980

Chicago, IL 60606

Phone: (312) 368-0044

**Item 2 – Educational Background and Business Experience**

Walter C. Florence joined Frontenac in 1994, rejoined the Firm in 1998 and has served as a Managing Partner since 2014, having previously served as a Managing Director since 2004. Mr. Florence received a B.A. from Dartmouth College and a M.M. from Northwestern University.

**Item 3 – Disciplinary Information**

Mr. Florence has never been the object of any legal or disciplinary event, proceeding or action.

**Item 4 – Other Business Activities**

Mr. Florence serves on the board of Frontenac portfolio companies. Mr. Florence's appointment on such boards has been designated in the best interest of the Funds and their respective investors. Serving on portfolio company boards could lead to potential conflicts of interest. For example, a conflict of interest can arise between Mr. Florence's fiduciary duties to the portfolio company on which he serves and his duty to Frontenac, as there can be no guarantee that decisions that are in the portfolio companies' best interest will necessarily be in Frontenac's best interests. As the Funds will generally be significant shareholders of such companies, it is expected that such interest will generally be aligned; however, appropriate measures have been taken whereby Mr. Florence intends to recuse himself in such circumstances from the decision-making process.

Mr. Florence also serves on the boards of several civic and charitable organizations. Other than the Frontenac Fund portfolio company boards, Mr. Florence is not actively engaged in any outside business activities or occupation for compensation that could potentially create a conflict of interest with the Funds.

**Item 5 – Additional Compensation**

Mr. Florence does receive an economic benefit for providing advisory services, other than the compensation received from Frontenac.

## **Item 6 – Supervision**

Mr. Florence is supervised on compliance matters by Frontenac's Chief Compliance Officer, Ms. Bender, (312) 368-0044. For investment matters, the investment committee is responsible for approving and monitoring all investments.

**Ronald W. Kuehl**

Year of Birth: 1977

Managing Director

Frontenac Company LLC

One South Wacker Drive, Suite 2980

Chicago, IL 60606

Phone: (312) 368-0044

**Item 2 – Educational Background and Business Experience**

Ronald W. Kuehl joined Frontenac in 2006 and has served as a Managing Director since 2014. Mr. Kuehl received a B.A. from the University of Notre Dame and a M.M. from Northwestern University.

**Item 3 – Disciplinary Information**

Mr. Kuehl has never been the object of any legal or disciplinary event, proceeding or action.

**Item 4 – Other Business Activities**

Mr. Kuehl serves on the board of Frontenac portfolio companies. Mr. Kuehl's appointment on such boards has been designated in the best interest of the Funds and their respective investors. Serving on portfolio company boards could lead to potential conflicts of interest. For example, a conflict of interest can arise between Mr. Kuehl's fiduciary duties to the portfolio company on which he serves and his duty to Frontenac, as there can be no guarantee that decisions that are in the portfolio companies' best interest will necessarily be in Frontenac's best interests. As the Funds will generally be significant shareholders of such companies, it is expected that such interest will generally be aligned; however, appropriate measures have been taken whereby Mr. Kuehl intends to recuse himself in such circumstances from the decision-making process.

Other than the Frontenac Fund portfolio company boards, Mr. Kuehl is not actively engaged in any outside business activities or occupation for compensation that could potentially create a conflict of interest with the Funds.

**Item 5 – Additional Compensation**

Mr. Kuehl does receive an economic benefit for providing advisory services, other than the compensation received from Frontenac.

**Item 6 – Supervision**

Mr. Kuehl is supervised on compliance matters by Frontenac's Chief Compliance Officer, Ms. Bender, (312) 368-0044. For investment matters, the investment committee is responsible for approving and monitoring all investments.

**Michael S. Langdon**

Year of Birth: 1977

Managing Director

Frontenac Company LLC

One South Wacker Drive, Suite 2980

Chicago, IL 60606

Phone: (312) 368-0044

**Item 2 – Educational Background and Business Experience**

Michael S. Langdon joined Frontenac in 2001, rejoined the Firm in 2009 and has served as a Managing Director since 2014. Mr. Langdon received a B.B.A. from the University of Michigan and a M.B.A. from Harvard University.

**Item 3 – Disciplinary Information**

Mr. Langdon has never been the object of any legal or disciplinary event, proceeding or action.

**Item 4 – Other Business Activities**

Mr. Langdon serves on the board of Frontenac portfolio companies. Mr. Langdon's appointment on such boards has been designated in the best interest of the Funds and their respective investors. Serving on portfolio company boards could lead to potential conflicts of interest. For example, a conflict of interest can arise between Mr. Langdon's fiduciary duties to the portfolio company on which he serves and his duty to Frontenac, as there can be no guarantee that decisions that are in the portfolio companies' best interest will necessarily be in Frontenac's best interests. As the Funds will generally be significant shareholders of such companies, it is expected that such interest will generally be aligned; however, appropriate measures have been taken whereby Mr. Langdon intends to recuse himself in such circumstances from the decision-making process.

Other than the Frontenac Fund portfolio company boards, Mr. Langdon is not actively engaged in any outside business activities or occupation for compensation that could potentially create a conflict of interest with the Funds.

**Item 5 – Additional Compensation**

Mr. Langdon does receive an economic benefit for providing advisory services, other than the compensation received from Frontenac.

**Item 6 – Supervision**

Mr. Langdon is supervised on compliance matters by Frontenac's Chief Compliance Officer, Ms. Bender, (312) 368-0044. For investment matters, the investment committee is responsible for approving and monitoring all investments.

## **Elizabeth C. Williamson**

Year of Birth: 1982

Managing Director

Frontenac Company LLC

One South Wacker Drive, Suite 2980

Chicago, IL 60606

Phone: (312) 368-0044

### **Item 2 – Educational Background and Business Experience**

Elizabeth C. Williamson joined Frontenac in 2011 and has served as a Managing Director since 2020. Ms. Williamson received a B.A. from the Dartmouth College and a M.B.A. from Harvard University.

### **Item 3 – Disciplinary Information**

Ms. Williamson has never been the object of any legal or disciplinary event, proceeding or action.

### **Item 4 – Other Business Activities**

Ms. Williamson serves the board of Frontenac portfolio companies. Ms. Williamson's appointment on such boards has been designated in the best interest of the Funds and their respective investors. Serving on portfolio company boards could lead to potential conflicts of interest. For example, a conflict of interest can arise between Ms. Williamson's fiduciary duties to the portfolio company on which she serves and her duty to Frontenac, as there can be no guarantee that decisions that are in the portfolio companies' best interest will necessarily be in Frontenac's best interests. As the Funds will generally be significant shareholders of such companies, it is expected that such interest will generally be aligned; however, appropriate measures have been taken whereby Ms. Williamson intends to recuse herself in such circumstances from the decision-making process.

Other than the Frontenac Fund portfolio company boards, Ms. Williamson is not actively engaged in any outside business activities or occupation for compensation that could potentially create a conflict of interest with the Funds.

### **Item 5 – Additional Compensation**

Ms. Williamson does receive an economic benefit for providing advisory services, other than the compensation received from Frontenac.

### **Item 6 – Supervision**

Ms. Williamson is supervised on compliance matters by Frontenac's Chief Compliance Officer, Ms. Bender, (312) 368-0044. For investment matters, the investment committee is responsible for approving and monitoring all investments.

**Julia A. Bender**

Year of Birth: 1968

Vice President and Chief Financial Officer

Frontenac Company LLC

One South Wacker Drive, Suite 2980

Chicago, IL 60606

Phone: (312) 368-0044

**Item 2 – Educational Background and Business Experience**

Julia A. Bender joined Frontenac in 1993, rejoined the Firm in 2004 and has served as a Vice President and Chief Financial Officer since January 2012. Ms. Bender received a B.S. in Accounting from Indiana University and an M.M. from Northwestern University.

**Item 3 – Disciplinary Information**

Ms. Bender has never been the object of any legal or disciplinary event, proceeding or action.

**Item 4 – Other Business Activities**

Ms. Bender is not actively engaged in any outside business activities or occupation for compensation that could potentially create a conflict of interest with the Funds.

**Item 5 – Additional Compensation**

Ms. Bender does receive an economic benefit for providing advisory services, other than the compensation received from Frontenac.

**Item 6 – Supervision**

Ms. Bender is supervised on compliance matters by Mr. Carbery, one of Frontenac's two Managing Partners, who can be reached at (312) 368-0044. For investment matters, the investment committee is responsible for approving and monitoring all investments.