

MSouth Equity Partners, LLC

Part 2A of Form ADV

The Brochure

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This brochure provides information about the qualifications and business practices of MSouth Equity Partners, LLC (“MEP” or the “Company”). If you have any questions about the contents of this brochure, please contact us at 404-816-3255. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about MEP is also available on the SEC’s website at:
www.adviserinfo.sec.gov.

Item 2 - Material Changes

This brochure serves as an update to our brochure dated March 26, 2020. In 2020, MEP opened a new office in Nashville, TN. Item 8 has been updated to reflect more detailed disclosure. There were no additional material changes to the business activities of MEP since its most recent amended filing of Part 2A of Form ADV in March 2020.

Item 3 - Table of Contents

Item 2 - Material Changes	2
Item 3 - Table of Contents.....	2
Item 4 - Advisory Business	2
Item 5 - Fees and Compensation	3
Item 6 - Performance Based Fees and Side-by-Side Management	4
Item 7 - Types of Clients.....	5
Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss.....	5
Item 9 - Disciplinary Information	10
Item 10 - Other Financial Industry Activities and Affiliations	10
Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	10
Item 12 - Brokerage Practices	11
Item 13 - Review of Accounts.....	12
Item 14 - Client Referrals and Other Compensation	12
Item 15 - Custody.....	12
Item 16 - Investment Discretion.....	12
Item 17 - Voting Client Securities.....	12
Item 18 - Financial Information	13

Item 4 - Advisory Business

MEP was formed under the laws of the State of Delaware in May of 2006. MEP is a successor to Cravey, Green & Wahlen, Inc. which was founded in 1984. MEP is owned by its executives (and/or their respective estate planning vehicles), none of which own greater than 25% of the Company.

MEP provides investment management services and investment advice to MSouth Equity Partners II, L.P., MSouth Equity Partners II (AIV), L.P., and MSouth Equity Partners III, L.P., and MSouth Equity Partners IV, L.P. (the “Funds”) through entities controlled by or under common control with MEP which serve as the general partners of the Funds (together, the “MEP Affiliates”). The Funds are private investment vehicles organized to make private equity investments in lower middle market companies located primarily in the Southern United States (the “South”). MEP generally considers the South to be comprised of Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia and West Virginia. Investment management services and investment advice are provided directly to each Fund and not individually to the investors of the Funds. MEP manages the assets of each Fund in accordance with the terms of the governing documents (and other related documents) applicable to each Fund (the “Fund Documents”).

The Company’s strategy for the Funds generally is to acquire controlling interests in management buyouts of lower middle market companies in the South. MEP expects to invest primarily in business services, healthcare, media/telecommunications, specialty distribution and manufacturing companies whose strategies permit growth rates above those of their respective underlying industries. MEP primarily targets businesses that have sustainable and leverageable cash flows, readily understandable business models and

a defensible product, service or market position. The businesses are often in mature industries that MEP believes possess unrealized growth opportunities.

In addition to investing in established companies, MSouth will continue to evaluate, in partnership with experienced management, opportunities to build companies starting initially with a small business that can be grown through add-on acquisitions as well as organic growth over the investment's holding period.

MEP originates and recommends investment opportunities for the Funds, identifies, structures, monitors and evaluates portfolio investments, recommends the manner and timing of dispositions of portfolio investments and provides such other services (including certain administrative services, such as periodic reporting, performed in connection with the operation of the Funds) related thereto as are set forth in the Fund Documents.

The Funds are structured as limited partnerships. Limited partnership interests in the Funds are not registered under the Securities Act of 1933, as amended (the "Securities Act"), and the Funds are not registered under the Investment Company Act of 1940, as amended (the "Investment Company Act"). Accordingly, limited partnership interests in the Funds are offered and sold exclusively to investors satisfying applicable eligibility and suitability requirements in private transactions within the United States or in offshore transactions.

The Funds have regulatory assets under management of approximately \$1.436 billion as of December 31, 2020.

Item 5 - Fees and Compensation

MEP (through the MEP Affiliates) is entitled to receive management fees ("Management Fees") for the investment management and advisory services provided to the Funds. Co-investment entities generally have not been charged a management fee. The principal terms related to the Management Fees payable by the Funds are currently as follows:

- Management Fees are paid quarterly in advance (per the dates set forth in the relevant Fund Documents).
- Prior to the end of the relevant Fund's investment period, Management Fees are 2% per annum of the aggregate amount of the capital commitments by the limited partners to the relevant Fund.
- After the investment period, Management Fees are 1.75% - 2%, as specified by the relevant Fund Documents, of the aggregate amount of the limited partners' capital contributions in respect of investments that have not been realized (or the unrealized portion of any investment that has been partially realized).
- Transaction fees, consulting fees, directors' fees, break-up fees and other similar fees from portfolio companies (or potential portfolio companies in the case of break-up fees) received by MEP or MEP Affiliates ("Other Fees") will reduce the Management Fee by an amount specified in the relevant Fund Documents. The offset for MSouth Equity Partners III, L.P. and MSouth Equity Partners IV, L.P. is 100%.
- MEP may waive all or a portion of the Management Fee. In such case, limited partners will be required to make additional capital contributions in an amount up to the amount of any waived Management Fees, the required capital contributions from relevant MEP Affiliates will be reduced by a corresponding amount, and MEP will receive distributions and allocations of profits in connection with such contributions.

In addition to Management Fees, MEP Affiliates are also entitled to receive a carried interest or incentive allocation from each Fund of up to 20% of cumulative net profits after satisfaction of an 8% hurdle return.

MEP's entitlement to carried interest is subject to clawback provisions and other more detailed allocation and distribution provisions set forth in the Fund Documents of each Fund.

Additional detailed information regarding the fees charged to the Funds is set forth in the Fund Documents of each Fund. In addition to Management Fees and carried interest allocations, limited partners will bear indirectly certain other fees and expenses. Those fees and expenses will vary, but typically will include the portion of any Other Fees that is not applied to reduce Management Fees, fees associated with making or selling portfolio investments that are payable to third parties, legal, consulting and accounting fees, taxes, commissions and brokerage or banking fees, insurance premiums, fees, costs and expenses of holding any annual or other information meetings of the Partners (including costs and expenses of meals, of MEP personnel attending such annual or other information meetings), indemnifications and other expenses allowable under the terms of the Fund Documents of the relevant Fund. MSouth Equity Partners III, L.P. and MSouth Equity Partners IV, LP have engaged third-party fund administrators and as such, will incur the expenses associated fund administration. Investors will also bear certain non-investment related services including but not limited to compliance consulting services and expenses associated with ongoing compliance obligations such as e-mail retention services. Some of these items such as insurance premiums for directors and officers liability, employment practice liability, private equity firm professional liability, and identity fraud expense reimbursement cover the activities of MEP and its professionals above and beyond what is required to manage the Funds. Such insurance coverage is packaged in a bundle known as private equity fund liability insurance. MEP is not able to obtain pricing for the coverages independently and believes that the bundled pricing substantially lowers the cost of insurance coverage overall. Further, MEP has elected to allocate a portion of this coverage to MEP itself. The allocation of these costs to the Funds, rather than to MEP, results in a conflict of interest for MEP. Expense allocation practices differ for various investment advisers and private fund complexes, and in some cases expenses that are the same or similar to those listed above may be borne by a private fund complex's investment adviser. The Funds do not reimburse MEP for other general overhead costs. Investors should review all fees charged by MEP, any MEP Affiliates, and any third parties to fully understand the total amount of fees to be paid by the Funds and, indirectly, their limited partners. When allocating expenses across the Funds, MEP will ensure that such expense allocation methodology is fair and equitable. Generally, the expenses will be allocated on a pro rata basis based on the assets of the relevant Funds or as otherwise deemed fair and equitable by MEP, which could include on a per-investor basis or evenly split among Funds, depending on the specific expense.

In certain circumstances, as discussed below, MEP will provide co-investment opportunities. To the extent that there are expenses associated with a proposed but unconsummated investment in which co-investments were offered, and the co-investors or other third parties (if any) that were proposed to participate in such investment alongside a Fund do not agree to pay (or otherwise fail to pay) all or any portion of such expenses, all of such expenses are expected to be borne by the Fund that would have otherwise participated in the investment.

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

As noted in "Fees and Compensation" above, the Funds pay a carried interest of up to 20%. The carried interest is calculated based on the profits generated from the sale or disposition of Fund assets. Carried interest is paid to a MEP Affiliate. The carried interest creates an incentive for MEP or the general partner of the relevant Fund to make more speculative investments and make different decisions regarding the timing and manner of the realization of such investments, than would be made if such carried interest were not allocated to an MEP Affiliate. Carried interest is generally subject to clawback provisions and such other more detailed provisions set forth in the Funds offering and organizational documents. Co-investment entities generally have not been subject to carried interest allocations.

Item 7 - Types of Clients

MEP provides investment management and advisory services to the Funds. Investment management services and advice is provided directly to the Funds, subject to the direction and control of the MEP Affiliate that serves as the relevant Fund's general partner. Investment advice is not provided individually to the limited partners of the Funds. The minimum capital commitment for the limited partners of the Funds is \$5,000,000, although MEP has the authority to deviate (and has deviated in the past) from these minimum commitment requirements.

Investors are required to make certain representations when investing in a Fund. These representations include, but are not limited to representations that (i) the investor has the capacity and authority to enter into the relevant Fund Documents and has validly executed and delivered the relevant Fund Documents, (ii) the investor is an "accredited investor" as such term is defined under Regulation D promulgated under the Securities Act, (iii) the investor is a "qualified purchaser" as such term is defined under the Investment Company Act, and that (iv) the investor will make, and has sufficient funds to make, capital contributions in accordance with the relevant Fund Documents.

The Funds and/or MEP Affiliates have entered into separate agreements, commonly referred to as "side letters," with certain limited partners that have the effect of establishing rights under, or altering or supplementing the terms of, the relevant Fund Documents in order to meet certain requirements of the relevant limited partner. Side letters generally include, among other provisions, "most favored nation" clauses; supplemental or modified reporting or disclosure rights; provisions addressing specified laws or regulations applicable to the relevant limited partner; understandings regarding certain permitted transfers of limited partner interests; acknowledgement of interest in co-investment opportunities; and membership on the limited partner advisory boards of the Funds.

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

MEP's strategy is to acquire controlling interests in management buyouts of lower middle market companies in the South. MEP generally invests between \$25 million and \$75 million of equity capital in companies with enterprise values of between \$25 million and \$200 million. The Company seeks to invest in business services, distribution, specialty manufacturing, telecommunications/media companies whose strategies permit growth rates above those of their respective underlying industries. MEP generally seeks to have a control position in its investments with a primary focus to grow operating cash flow. MEP attempts to grow operating cash flow through: (i) organic and acquired revenue growth; (ii) margin enhancements effected through efficiencies and cost controls; and (iii) implementation of return-on-asset measurement practices.

MEP conducts an investment process through which the Company seeks to understand the target company as well as the initiatives necessary to position the company for operational growth and ultimately an optimal exit to either a financial or strategic buyer. MEP strives to source proprietary transactions that are directly negotiated. Negotiating transactions directly typically provides an opportunity to conduct extended and in-depth due diligence and to build strong relationships with the management teams of MEP's portfolio companies.

A summary of MEP's current due diligence and investment approval process is as follows:

1. **Initial Screening:** For each new investment opportunity, the deal team prepares an opportunity screening guide which provides MEP's investment committee, which is comprised of senior MEP executives (the "Investment Committee"), with an overview of the investment and preliminary analysis of the expected valuation range, investment merits, risks and concerns, key questions and

estimated investment returns. To ensure strict monitoring of investment opportunities, MEP has implemented an opportunity tracking report that includes a variety of relevant information, such as transaction source, the deal team, key financial metrics and strategic fit. Particular attention is given to any exceptions to target investment criteria.

2. **Stage One Due Diligence:** After the initial screen, the deal team conducts preliminary due diligence to better understand the business and to ensure a positive working relationship between the MEP team and the management team. During this stage, the deal team typically performs the following due diligence: (i) internal data review and analysis; (ii) multiple meetings and calls with senior management; (iii) financial modeling; (iv) industry research and calls; (v) management incentive plans; (vi) transaction structuring; and (vii) financing strategy.
3. **In-Depth Diligence:** During this stage, the deal team typically focuses on the following: (i) hiring subject matter experts and third party consultants (e.g., accountants, attorneys, information technology specialists, insurance advisors and environmental consultants) for in-depth review and validation; (ii) spending significant time with management reviewing strategic and financial plans; (iii) visiting facilities/branches/offices; (iv) meeting with other members of the management team; (v) refining the financial model; (vi) arranging financing; and (vii) drafting and negotiating legal documentation. The deal team prepares, and updates on an ongoing basis, a comprehensive new investment presentation that generally includes: (i) transaction overview; (ii) investment strategy; (iii) valuation and investment returns analysis; (iv) financial overview; (v) investment merits; (vi) investment risks/concerns and mitigating factors; (vii) industry and competition overview; (viii) third party diligence review; (ix) critical assessment across key metrics; and (x) action items and near-term strategic initiatives.
4. **Investment Decision:** The investment decision is a continuous process involving frequent updates from the deal team and subsequent discussions with the Investment Committee. Investments must be approved unanimously by the Investment Committee, and it is expected that all management teams met by each member of the Investment Committee prior to investing.

Once invested, MEP seeks to maintain active ownership by providing a variety of oversight mechanisms, including frequent informal communications, established reporting, and representation on the board of directors. MEP typically communicates weekly or more often with the relevant portfolio company management teams, allowing the Company to build rapport and gain a strong sense of portfolio company performance on a week-to-week basis. MEP typically meets with management of the portfolio companies at least monthly during the first year of ownership to understand and better position the investment.

MEP considers exit alternatives starting at the time of the initial screen of the potential investment and continues to do so throughout the life of an investment. The Company considers a variety of exit strategies, including sales to strategic or financial buyers, mergers and (where appropriate) initial public offerings. MEP works closely with management to prepare for, and maximize, exit opportunities.

An investment in a Fund involves a number of risks; such investment may be deemed speculative and is not intended to be a complete investment program. An investment in a Fund is designed for sophisticated investors who fully understand and are capable of bearing the risk and illiquid nature of an investment in the Fund. No assurance can be given that a Fund's investment objectives will be achieved, and each limited partner must be prepared to bear capital losses that might result from Fund investments, including the risk of loss of all of a limited partner's investment in a Fund.

Set forth below is a brief overview of risks related to MEP's investment strategy employed through the Funds:

General Market, Business and Management Risk. Investments by the Funds in portfolio companies subject the Funds to the general risks associated with the underlying businesses, including market conditions, changes in regulatory requirements, reliance on management at the company level, interest rate and currency fluctuations, general economic downturns, domestic and foreign political situations and other factors.

With respect to management at the portfolio company level, many portfolio companies rely on the services of a limited number of key individuals, the loss of any one of whom could significantly adversely affect the portfolio company's performance. While MEP will monitor portfolio company management, the management personnel of each portfolio company will have day-to-day responsibility for the management of such portfolio company.

Competition for Investments. The Funds will compete for the acquisition of assets with many other investors, some of which will have greater resources than MEP. Competition may result in less favorable investment terms than would otherwise be the case. The assets purchased by a Fund may not meet all of the investment objectives of the relevant Fund, and the Fund may not be able to invest all of its available capital commitments.

Use of Leverage. A Fund may use leverage in connection with some or all of its investments, and some or all of the portfolio companies may utilize a leveraged capital structure. In such cases, a third party may be entitled to cash flow generated by such assets prior to the Fund and the investors receiving a return. Leverage may increase returns but it also will increase the risk of loss with respect to an investment. If a Fund or portfolio company defaults on secured indebtedness, a lender may foreclose and the Fund or portfolio company could lose the entire asset that constitutes security for such loan.

Limited Number of Investments. Although the Fund Documents of each Fund limit the aggregate capital commitments that may be invested in any single portfolio company, a Fund may invest in a limited number of portfolio companies and, as a consequence, the aggregate return generated by a Fund may be adversely affected by the unfavorable performance of a single portfolio company.

Liquidity of Fund Investments. The Funds' portfolio investments include illiquid, non-publicly traded securities. Since these investments are illiquid, the investments can be subject to a variety of restrictions on resale and there can be no assurance that the Funds will be able to realize the stated value of such investments in a timely manner or at all. Risks affecting these portfolio companies include, but are not limited to, increasing competition, rapid changes in technology, changes in economic conditions and macroeconomic factors in the portfolio companies' countries of operations, as well as political risk. These factors could have a negative effect on the ultimate realizable value of the Funds' investments and the timing of exit.

Restrictions on Transfer of Fund Interests. Limited partnership interests in the Funds are not redeemable or transferable except pursuant to the terms of the relevant Fund Documents, which require the consent of Fund's general partner in addition to mandatory legal and regulatory restrictions. There will not be any market for the limited partnership interests in the Funds and none is expected to develop. Consequently, an investment in a Fund requires a long-term commitment and limited partners of a Fund must bear the risk of an investment in a Fund for an indefinite period of time.

Valuation of Assets. The securities owned by the Funds typically are not publicly traded and are required to be valued by MEP in accordance with MEP's valuation policies. When estimating fair value, MEP will apply a methodology based on its best judgment that is appropriate in light of the nature, facts and circumstance of the investments (the limited partnership agreements of the Funds require certain specified

valuation methodologies to be employed in the case of certain securities distributed in kind to the limited partners of a Fund, which mechanisms may differ from the methodology otherwise employed under the valuation policies of MEP). Valuations are subject to multiple levels of review for approval and ensuring that portfolio investments are fairly valued is an important focus of MEP.

Counterparty Risk. Each Fund is subject to the credit risk of its portfolio companies and of other entities which may incur significant obligations to the Fund or its portfolio companies (including trading counterparties of, or lenders to, the Fund or its portfolio companies). Such risk may adversely affect the value of the Fund's investment to the extent the Fund has guaranteed indebtedness or other obligations of a portfolio company. In addition, cash or cash equivalents held by a Fund are subject to the credit risk of the institution where the cash is held, or which has issued the cash equivalent.

Co-Investments. Where appropriate, MEP intends to provide co-investment opportunities to certain limited partners or third parties. These co-investment opportunities may be offered as interests in a limited partnership or other similar entity formed for the relevant investment (a "Co-Investment Entity"). MEP will allocate the available investments among the Funds, any Co-Investment Entity and any limited partners or third parties as it may in its sole discretion determine. When offering co-investments, MEP will consider many factors associated with the potential transaction, including but not limited to, size, interest previously expressed by the limited partner, responsiveness, and ability to commit in short order. Such investments entail unique risks, such as the risk that a co-investor may have interests or goals that are inconsistent with those of the relevant Fund or MEP, or may be in a position to take action contrary to the relevant Fund's or MEP's investment objectives. In addition, to the extent permitted by the relevant Fund's limited partnership agreement, MEP may allocate investment opportunities to co-investors that otherwise could have been made by the Fund.

Start-Up or Early-Stage Investments. The Funds' portfolio companies may include developing companies that entail significant operating risk. Such portfolio companies may be at an early stage of development with little or no operating history and no established products or services. Such portfolio companies typically will need substantial additional capital to support additional development activities or strategies, expansion or to achieve or maintain a competitive position, which capital may not be available (or available at acceptable pricing) from third parties or from the relevant Fund itself. Such companies face intense competition, including from companies with greater financial resources, more extensive development, manufacturing, marketing or service capabilities and a larger number of qualified managerial and technical personnel. To the extent that such portfolio companies are unable to execute on the development, expansion or other strategies contemplated at the time of a Fund's investment, the Fund's investment in such company could be materially and adversely affected.

Middle Market Investments. Investments in middle market companies such as those targeted by the Funds may entail larger risks than are customarily associated with investments in large companies. Middle market companies may have more limited product lines, markets and financial resources, and may be dependent on a smaller management group than a larger company. As a result, such companies may be more vulnerable to general economic trends and to specific changes in markets and technology. In addition, future growth may be dependent on additional financing, which may not be available on acceptable terms when required. Furthermore, there is ordinarily a more limited marketplace for the sale of interests in smaller, private companies, which may make realizations of gains more difficult, by requiring sales to other private investors. The relative illiquidity of private equity investments generally, and the somewhat greater illiquidity of private investments in middle market companies, could make it difficult for the Funds to react quickly to negative economic or political developments.

Each Fund's private placement memorandum and Fund Documents must be carefully reviewed in order to understand the risks and potential conflicts of interest associated with such Fund. This brochure is not

intended to serve as an exhaustive list or a comprehensive description of all risks and conflicts that may arise in connection with the management and operation of the Funds.

Interest Rate Risk. The Partnership's investments will expose it to interest rate risk, meaning that changes in prevailing market interest rates could negatively affect the value of such investments. Factors that may affect market interest rates include, without limitation, inflation, deflation, slow or stagnant economic growth or recession, unemployment, money supply, governmental monetary policies, international disorders and instability in domestic and foreign financial markets.

Cybersecurity Risks; System Failures. MEP Funds, MEP and its affiliates and service providers are subject to risks associated with a breach in cybersecurity. Cybersecurity is a generic term used to describe the technology, processes and practices designed to protect networks, systems, computers, programs and data from both intentional cyber-attacks and hacking by other computer users, as well as unintentional damage or interruption that, in either case, can result in damage and disruption to hardware and software systems, loss or corruption of data and/or misappropriation of confidential information. Cybersecurity attacks are evolving and include, but are not limited to, malicious software, attempts to gain unauthorized access to data, and other electronic security breaches that could lead to disruptions in critical systems, unauthorized release of confidential or otherwise protected information, including, without limitation, information regarding investors and MEP Funds' investment activities, and corruption of data. Damage or interruptions to information technology systems may cause losses to MEP Funds, MEP or their investors, including, without limitation, by interfering with the processing of transactions, affecting a MEP Funds' or affiliates ability to conduct valuations or impeding or sabotaging trading. MEP Funds may also incur substantial costs as the result of a cybersecurity breach, including those associated with forensic analysis of the origin and scope of the breach, increased and upgraded cybersecurity, identity theft, unauthorized use of proprietary information, litigation, adverse investor reaction, the dissemination of confidential and proprietary information and reputational damage. Any such breach could expose a MEP Funds, MEP and its affiliates to civil liability as well as regulatory inquiry and/or action. Investors could also be exposed to losses resulting from unauthorized use or dissemination of their personal information.

Force Majeure and Climate Change. Portfolio investments may be affected by force majeure events (i.e., events beyond the control of the party claiming that the event has occurred, including, without limitation, acts of God, fire, flood, earthquakes, outbreaks of an infectious disease, pandemic or any other serious public health concern, war, terrorism, labor strikes, major plant breakdowns, pipeline or electricity line ruptures, failure of technology, defective design and construction, accidents, demographic changes, government macroeconomic policies, social instability, etc.). Some force majeure events may adversely affect the ability of a party (including a portfolio company or a counterparty to a MEP Fund or a portfolio company) to perform its obligations until it is able to remedy the force majeure event. In addition, forced events, such as the cessation of the operation of machinery for repair or upgrade, could similarly lead to the unavailability of essential machinery and technologies. These risks could, among other effects, adversely impact the cash flows available from a portfolio company, cause personal injury or loss of life, damage property, or instigate disruptions of service. In addition, the cost to a portfolio company or a MEP Fund of repairing or replacing damaged assets resulting from such force majeure event could be considerable. Force majeure events that are incapable of or are too costly to cure may have a permanent adverse effect on a portfolio company. Certain force majeure events (such as war or an outbreak of an infectious disease) could have a broader negative impact on the world economy and international business activity generally, or in any of the countries in which MEP Funds may invest specifically. Additionally, a major governmental intervention into industry, including the nationalization of an industry or the assertion of control over one or more portfolio companies or its assets, could result in a loss to MEP Funds, including if the investment in such portfolio companies is canceled, unwound or acquired (which could be without adequate compensation).

Item 9 - Disciplinary Information

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

Item 10 - Other Financial Industry Activities and Affiliations

MEP provides investment management and administration services to the Funds, MSouth Equity Partners, L.P., MSouth Equity Partners II, L.P., and MSouth Equity Partners II (AIV) L.P., respectively. MEP provides investment management services to MSouth Equity Partners III, L.P. and MSouth Equity Partners IV, L.P. These authorities have been delegated by the Funds' general partners, MSouth Equity Partners GP, LLC, MSouth Equity Partners II GP, LLC, MSouth Equity Partners III GP, LLC, and MSouth Equity Partners IV GP, LLC (collectively, the "General Partners"). The General Partners are subject to MEP's regulatory oversight and its Code of Ethics (see "Code of Ethics, Participation or Interest in Client Transactions and Personal Trading" below) together with its other compliance policies and procedures as adopted by MEP pursuant to the requirements of the Investment Advisers Act of 1940 (the "Advisers Act"). MEP officers and personnel serve as dual personnel of both MEP and one or more of the General Partners and, as a result, MEP treats all officers and other personnel of the General Partners as its "associated persons" and access persons for purposes of the Advisers Act.

MEP, as manager to the Funds, maintains the authority to engage service providers to perform various due diligence services on prospective portfolio companies. From time to time, MEP will engage current portfolio companies to perform such services. This creates a conflict of interest due to the compensation paid to the current portfolio company and the fact that the expenses associated with the engagement are generally consumed in the deal closing expenses or charged to the applicable Fund as a dead deal expense if the investment is not completed. MEP mitigates this conflict by negotiating the engagement fees with current portfolio companies at arms-length. Additionally, MEP periodically evaluates the service fees for such engagements to ensure they are comparable to industry standards. Finally, MEP believes that it is able to negotiate attractive preferred rates for such services due to the affiliation.

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

MEP has adopted a Code of Ethics (the "Code") pursuant to Rule 204A-1 under the Advisers Act that is predicated on the principal that MEP owes a fiduciary duty to its clients. Accordingly, employees of MEP must disclose or avoid activities, interests and relationships that run contrary (or appear to run contrary) to the best interest of clients. To avoid any potential conflicts of interest, MEP's Code requires employees to, among other things:

- Act with integrity, competence, dignity, and in an ethical manner with the public, clients, prospects, and third-party service providers;
- Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, promoting MEP's services, and engaging in other professional activities;
- Adhere to the fundamental standard that one should not take inappropriate advantage of one's position;
- Avoid or disclose any actual or potential conflict of interest;
- Conduct all personal securities transactions in a manner consistent with MEP's Code; and
- Comply with applicable provisions of the federal securities laws.

MEP's Code also requires access persons to, among other things: 1) pre-clear certain personal securities transactions, 2) report personal securities transactions on at least a quarterly basis, and 3) provide MEP with a detailed summary of certain holdings (both initially upon commencement of employment and annually thereafter) over which such access persons have a direct or indirect beneficial interest.

The Code shall be provided to any investor or prospective investor upon request.

MEP and/or the relevant Fund general partner and/or other MEP Affiliates will participate in a Fund's investment program through an agreed capital commitment as specified in the relevant Fund Documents. Therefore, MEP, MEP Affiliates, certain MEP employees, and/or related entities or persons of the foregoing will have direct or indirect investments in the Funds and will participate economically in transactions effected for the Funds.

Additionally, the Funds advised by MEP have in the past, and may in the future, acquire assets from predecessor Funds in which MEP's employees have a financial interest. Such transactions are commonly known as "cross transactions" and present a conflict of interest due to the fact that MEP employees may receive proceeds from the transaction, including in the form of a return of amounts invested by such employees in the relevant investment and profits thereon or in the form of carried interest payable indirectly to such employees in respect of the relevant investment. MEP will not execute such transactions without the consent of the relevant Funds' limited partner advisory board, as provided in the Funds' limited partnership agreement.

Item 12 - Brokerage Practices

MEP focuses on making investments in private securities. The Funds therefore do not typically deal with any financial intermediary such as a broker-dealer, and commissions are not ordinarily payable in connection with Fund investments. To the limited extent MEP transacts in public securities, it intends to select brokers based upon the broker's ability to provide best execution for the Funds. Similarly, MEP attempts to ensure that the Funds pay no more than the perceived fair value for portfolio companies as well as reasonable fees for services necessary to complete the transactions.

MEP recognizes that the analysis of execution and implementation quality involves a number of factors, both qualitative and quantitative. In implementing transactions for the Funds, MEP will take into account the full range of applicable factors when hiring third party service providers or other intermediaries for the purpose of completing transactions. Factors include general expertise and background, the type and size of the transaction involved, the stability or solvency of the service provider or counterparty, settlement capabilities, time required to complete the role sought, research services or any arrangements relating to overall performance in the best interest of the Funds. In certain situations, MEP has engaged limited partners or their affiliates traditionally involved in financing activities to provide the financing with respect to one or more portfolio companies. All financing negotiations are completed at arm's length and MEP will only engage a limited partner or its affiliates for financing if it is in the best interest of the Funds.

MEP is generally authorized to make the following determinations, subject to the Funds' investment objectives and restrictions, without obtaining prior consent from the relevant Funds or any of their investors: (1) which securities or other instruments to buy or sell; (2) the total amount of securities or other instruments to buy or sell; (3) the executing broker or dealer for any transaction; and (4) the commission rates or commission equivalents charged for transactions.

MEP does not participate in any soft dollar arrangements with any broker.

Item 13 - Review of Accounts

MEP focuses on investments primarily in private equity. All investments are carefully reviewed and approved by the Investment Committee. The progress of all portfolio companies is carefully monitored on a regular basis and is subject to the ongoing supervision and review by MEP's investment professionals. MEP also periodically meets with portfolio company management, reviews weekly dashboard reports produced by portfolio company management, and prepares monthly scorecards, semi-annual reviews and budget reviews with respect to portfolio companies. Additionally, MEP monitors and manages the performance of the underlying portfolio companies in the Funds through, for example, representation on the portfolio companies' boards of directors and further advises the portfolio companies' management teams on financial, operating and strategic matters during the terms of the portfolio investments, as appropriate.

The Funds' limited partners typically receive quarterly reports summarizing the business activities and financial status of the Fund, annual audited financial statements, and information reasonably necessary for the preparation of income tax returns. Information relating to each new investment is communicated to limited partners in the applicable capital call notice, and distribution notices will also contain information regarding the applicable investment(s).

Item 14 - Client Referrals and Other Compensation

During a fundraising cycle, MEP typically compensates placement agents who introduce new investors that commit capital. To the extent a Fund has incurred placement fees with respect to any investor, the Management Fee payable by the Fund will be reduced on a dollar-for-dollar basis.

MEP or its affiliates charge portfolio companies transaction fees, breakup fees, commitment fees, consulting fees and other similar fees. In accordance with the Fund Documents of each Fund, a portion of these fees received by MEP or any of its affiliates will be applied to reduce the Management Fee otherwise payable.

Item 15 - Custody

All client assets are held in custody by unaffiliated broker/dealers or banks, however MEP has access to client accounts since it or an affiliate serves as the general partner of each Fund. Investors in the Funds will not receive statements from the custodian. Instead, the Funds are subject to an annual audit and the audited financial statements are distributed to each investor. Audited financial statements for the Funds will be prepared in accordance with generally accepted accounting principles and distributed within 120 days of the relevant Fund's fiscal year end.

Item 16 - Investment Discretion

Consistent with the terms and conditions of the Fund Documents of each Fund, MEP generally has discretionary authority to determine, without obtaining specific consent from the Funds or their limited partners, the investments to be made or disposed of by the Funds. Any limitations on such discretionary authority are set forth in the Fund Documents of the relevant Fund.

Item 17 - Voting Client Securities

A majority of the portfolio companies held by the Funds are private companies which typically do not issue proxies. However, in the event proxies are required to be voted, MEP has adopted the following procedures:

- MEP will vote its clients' proxies in the best interest of its clients and not its own.
- MEP will seek to avoid material conflicts of interest between the interests of MEP on the one hand and the interests of its clients on the other.
- If the Chief Compliance Officer ("CCO") and/or any investment staff member detects a material conflict of interest in connection with a proxy solicitation, the CCO must be informed and will then elevate the matter to the Fund's limited partner advisory board. The CCO will retain a memo to the files describing the material conflict of interest and the proposed resolution.
- MEP will vote proxies in the interest of maximizing value for MEP's clients.
- All proxy solicitation materials received by MEP shall be received by the senior principal(s) responsible for the respective deal(s) and shared with the CCO and/or his or her designee.
- A copy of the deal team(s) proxy vote remittance will be provided to the CCO and/or his or her designee.

A number of MEP's investment professionals serve as board members for the Funds' portfolio companies. In situations where MEP votes the proxy for a company in which a member of MEP serves on the board of directors, MEP has determined that such situations do not inherently present a conflict of interest in light of the fact that the purpose for serving on the board is to maximize the return on the relevant Fund's investment and to ensure that the Fund's interests are protected.

MEP must either maintain its own copies of proxy statements as noted above or rely on proxy statements filed on the SEC's EDGAR system (See <http://www.sec.gov/info/edgar/forms.html>). Additionally, MEP may rely on proxy statements and records of proxy votes cast by MEP that are maintained by a third party such as a proxy voting service, provided that MEP has obtained an undertaking from the third party to provide a copy of the documents promptly upon request.

Any request made by an investor, whether written (including email) or verbal, received by any of MEP's employees, must be promptly reported to the CCO or his or her designee. Investors in a Fund are permitted to request and MEP is required to distribute the proxy voting record for such Fund for the 5 year period prior to the relevant request. MEP shall furnish the information requested by any such investor within a reasonable time period and maintain a copy of the investor's request and the information furnished by MEP.

Item 18 - Financial Information

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