



## **Solera Capital, LLC**

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March 30, 2021

### **Part 2A of Form ADV Firm Brochure**

This firm brochure ("Brochure") provides information about the qualifications and business practices of Solera Capital, LLC. If you have any questions about the contents of this Brochure, please contact Elizabeth Coley, Chief Compliance Officer, at 212-833-1440 or [ecoley@soleracapital.com](mailto:ecoley@soleracapital.com). The information in this Brochure has not been approved or verified by the U.S. Securities and Exchange Commission ("SEC") or by any state securities authority. We refer to ourselves as a "registered investment adviser". Registration does not imply a certain level of skill or training.

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

**Item 2:      Material Changes**

The date of our last amendment to our Brochure was on March 27, 2020. This amendment to our brochure updates disclosures in Item 4, Item 5, Item 7, Item 8, and Item 17 relating to certain fees and expenses and risk factors.

In addition, we routinely make updates throughout the Brochure to improve and clarify the description of our business practices, compliance policies and procedures, as well as to respond to evolving industry best practices.

Investors are encouraged to review this Brochure in its entirety. The information set forth in this Brochure is qualified in its entirety by the applicable offering and governing documents of the applicable Fund. In the event of a conflict between the information set forth herein and the applicable offering and governing documents, the information set forth in the applicable offering and governing documents shall control.

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**Item 4: Advisory Business**

Solera Capital, LLC ("Solera Capital," "we," "our" or "us"), a private equity firm registered with the SEC, was established in 1999 to make investments in emerging growth companies in industries with compelling long term prospects. Solera Capital's approach is centered on its strategic and operational involvement in business building, research that identifies specific areas and companies poised for growth, a network developed over the past decade to generate investment opportunities and engage with portfolio companies, and the platforms established in key industries by virtue of investments made since 2000.

Solera Capital was founded in 1999, and since that time has been led by Molly F. Ashby as Solera Capital's Chairman and Chief Executive Officer. Since formation, Solera Capital has been 100% independently owned by Ms. Ashby. Solera Capital's investment activities are managed by Ms. Ashby and Solera Capital's senior executives. Since inception, Solera Capital's Funds have invested in industry sectors that include natural and organics, the Latin market, consumer healthcare, green building, specialty retail, equestrian, women's sports, surf and Latin food.

Solera Capital provides discretionary investment advice to certain private equity investment funds (the "Funds" or our "Clients"). Currently, Solera Capital provides investment advice solely to Solera Partners II, L.P. The Funds are pooled investment vehicles organized as limited partnerships. Solera Capital offers interests in these limited partnerships to potential investors who are institutional or qualified/accredited individual investors. An affiliate of Solera Capital acts as the general partner of each Fund and Solera Capital is retained by the Fund to act as the Fund's discretionary manager/adviser. Fund investments or dispositions are the responsibility of the Fund's general partner. The specific terms applicable to each Fund as well as any Fund's investment focus, investment guidelines, and investment restrictions are contained in the Funds' governing documents.

Persons that invest in the Funds are referred to in this brochure as "investors" or "limited partners." We provide discretionary investment management services to the Funds and not individually to the investors in such Funds. Solera Capital generally provides investment advisory services to each Fund pursuant to an investment management agreement. Investment advice is provided by Solera Capital directly to the Funds, subject to the direction and control of the general partner of each such Fund.

Solera Capital does not participate in wrap fee programs.

**Management of Client Assets**

As of December 31, 2020, Solera Capital managed \$36,191,669 of Client assets on a discretionary basis. This includes the committed capital which may be called by the Funds from their respective limited partners.

**Item 5: Fees and Compensation**

In consideration for the management of any particular Fund, and any other services provided, Solera Capital typically charges an annual management fee to the Fund which is calculated as a percentage of aggregate capital commitments, subject to a reduction in the percentage after the investment period. All investors should review the governing documents of the relevant Fund in conjunction with this Brochure for complete information on the fees and compensation payable to Solera Capital.

Management fees, if any, are payable quarterly in advance. Management fees are paid by capital contributions from investors to the particular Fund made pursuant to capital call notices delivered by the general partner of that Fund, or are paid out of cash otherwise distributable to the investors, including when a portfolio investment of the Fund is sold and the proceeds are distributed to investors. Please refer to the governing documents of the relevant Fund for complete information on the timing of management fee payments.

Upon termination of the investment advisory agreement with any particular Fund, Solera Capital will return to such Fund any paid but unearned portion of the management fee. In general, such fees are pro-rated from the date of termination to the end of the period to which the advance fee applied.

The general partner of the relevant Fund may be entitled to receive a performance-based fee, referred to as carried interest. Please see Item 6 for more information on carried interest.

**Other Fees and Expenses**

In addition to our fees explained above, the Funds may pay certain other fees and expenses associated with its investments. These fees and expenses are typically set forth in the governing documents of the Funds and may include (but are not limited to):

- advisory fees from portfolio companies;
- fees, costs and expenses of any custodians, attorneys, accountants, auditors, or other professionals;
- the costs and expenses of holding meetings or conferences with the Fund investors;
- costs and expenses incurred by or on behalf of the Fund in developing, negotiating and structuring prospective or potential portfolio investments which are not ultimately made, including without limitation any legal, accounting, advisory and financing costs and expenses in connection therewith (to the extent not otherwise reimbursed);
- brokerage commissions;
- registration fees and expenses actually incurred in connection with actual portfolio investments;
- the costs of any litigation, liability or other insurance and indemnification or extraordinary expenses or liabilities relating to the Fund;

- any taxes, fees or other governmental charges levied against the Fund; and
- all expenses incurred in connection with any audits and other expenses as set forth in the governing documents of each Fund.

A certain portion of these fees may offset the management fees otherwise payable by Fund investors.

## **Item 6: Performance-Based Fees and Side-by-Side Management**

The general partner of each Fund, an affiliate of Solera Capita, is generally entitled to receive a performance-based fee, referred to as carried interest, in accordance with the provisions of such Fund's governing documents. The carried interest is generally equal to a percentage of the aggregate net profits realized from the sale or liquidation of direct portfolio companies, and is subject to a preferred return. Carried interest, if applicable, is deducted when earned and payable in accordance with the governing documents of the specific Fund.

Differing fees or other compensation may create an actual or potential conflict of interest between Solera Capital and investors in a particular Fund. Please see additional information in Item 8 below regarding conflicts of interest in this area.

## **Item 7: Types of Clients**

Solera Capital provides investment advice solely to the Funds.

The Funds generally have a specified minimum commitment as set forth in the governing documents of the relevant Fund. The general partner of each Fund may, in its sole discretion, accept investment commitments of lesser amounts than the stated minimum.

Interests in the Funds are offered pursuant to applicable exemptions from registration under the Securities Act of 1933 (the "Securities Act") and the Investment Company Act of 1940 (the "Investment Company Act"). Investment in the Funds is generally only available to "accredited investors" as defined in Regulation D under the Securities Act, "qualified clients" within the meaning of the Advisers Act, and/or either a "qualified purchaser" or a "knowledgeable employee" within the meaning of the Investment Company Act.

An affiliate of Solera Capital serves as the general partner of each Fund and the general partner will make specific capital commitments to the Funds, with such general partner capital commitments subject to specific terms as set forth in the governing documents of each Fund.

Limited partnership interest holders may include, among others, corporations, state or municipal government entities, endowments, foundations, pension plans, high-net worth individuals and non-US institutions.

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

### **Methods of Analysis and Investment Strategy**

**Investment Process.** Solera Capital employs a proactive, research-based approach and capitalizes on an extensive network of contacts in the business community to generate attractive investment opportunities and to help build the businesses in which it invests. We are able to identify and pursue attractive, proprietary investment opportunities through a combination of research and effective use of our network. Solera Capital generates targeted deal flow for the Solera Funds through our network of industry contacts and intermediaries as well as through other, broader network contacts.

Solera Capital builds portfolio companies by committing substantial resources and capital, developing strategy and working with company management teams to build each firm into a leader within its sector. The companies that the Funds acquire may be small and require considerable time to reach appropriate scale. Accordingly, Solera Capital's holding periods are expected to average five to seven years.

Solera Capital is a controlling or strategic investor in all of its portfolio companies. The majority of our Fund investments have been, and will continue to be, domestically based, between \$10 and \$50 million in size (initially or including follow-on rounds).

**Post-Investment Activities.** Solera Capital plays an active role in setting the strategic direction of each portfolio company. The Funds designate multiple board representatives for each of its portfolio companies, and depending on its ownership level, chair the Board and/or key Board committees. The Board members appointed will generally include one or more Solera Capital senior executives or an affiliated member of the operating council. The operating executives will be chosen based on their industry knowledge and functional expertise to assist the company in developing and executing growth strategies.

Solera Capital investment professionals play an active role in assisting portfolio companies to develop operating and capital budgets, assess new business opportunities, review management analyses of prospective acquisitions, design incentive compensation plans, hire key employees and execute exit strategies. In addition, Solera Capital is directly involved in the financing of portfolio companies and any follow-on acquisitions. Solera Capital's professionals have deep experience in monitoring and improving portfolio company performance, including recruiting and developing management teams, revising strategies, reducing costs and redefining the focus on new products and markets. This experience is particularly important in guiding companies at earlier stages of development or in challenging market conditions.

**Exit Strategies.** Solera Capital believes that the appropriate timing of a liquidity event is a complex decision requiring judgment developed through investing in and realizing numerous investments over time. In deciding to exit an investment, Solera Capital considers the progress of the company's business plan, the ability of the company to sustain future growth, financial market conditions and the overall economic environment. We expect the Funds to exit portfolio companies through sales to strategic buyers and through the public markets.

## **Material Risks**

The performance of prior investments made by the Funds is not indicative of any expected future results. Investments in the Funds involve significant risks. There can be no assurance that any investment will meet its objectives, or that an investor will receive return of all or any portion of its capital. The following is a summary of material risks; for more information on risks please see the relevant governing documents.

**Nature of Investment.** An investment in a Fund requires a long-term commitment, with no certainty of any return. The Funds will make investments that Solera Capital perceives as having the potential for substantial returns, but which accordingly may involve substantial risks. There most likely will be little or no near-term cash flow available to the investors in the Funds. Many of the Funds' investments will be highly illiquid and there can be no assurance that the Funds will be able to realize any return on such investments in a timely manner. Consequently, dispositions of such investments may require a lengthy time period or may result in distributions in kind. Additionally, the Funds will generally acquire securities that cannot be sold except pursuant to a registration statement filed under the Securities Act, or in a private placement or other transaction exempt from registration under the Securities Act. Certain of the Funds' investments may be in businesses with little or no operating history. Since the Funds may only make a limited number of investments and since the Funds' investments generally will involve a high degree of risk, poor performance by a few of the investments could severely affect the total returns. Past performance is not necessarily indicative of future returns.

**Private Equity Growth Capital Investments.** Although growth capital investments offer the opportunity for significant gain, such investments also involve a high degree of business and financial risk and can result in substantial loss. Growth companies at earlier stages of development can have significant operating losses and variations in operating results. In most cases, these companies require substantial capital to support expansion plans and to achieve and maintain a competitive position. Such companies also face intense competition from established companies with greater resources and capabilities.

In making investment decisions on behalf of the Funds, the general partner may rely upon its own or a portfolio company's projections concerning future growth and performance. Such projections are subject to uncertainty and to certain factors beyond the control of the general partner and of the portfolio company.



**Competitive Nature of the Funds' Business.** The business of the Funds is highly competitive. Other investors may make competing offers for an investment target and even after an agreement in principle has been reached with the Board of Directors or owners of an acquisition target, consummating the transaction is subject to a myriad of uncertainties, only some of which are foreseeable or within the control of Solera Capital or the general partner.

**Difficulty of Locating Suitable Investments.** Although Solera Capital has been successful in identifying suitable investments in the past, the Funds may be unable to find a sufficient number of attractive investment opportunities to meet the investment objectives.

**Co-investment with Third Parties.** The Funds may co-invest in portfolio companies with third parties (including Solera Capital and its affiliates) through partnerships, joint ventures or other arrangements. Such investments may involve risks not present in investments where a third party is not involved, including the possibility that a third party co-venturer or partner may at any time have economic or business interests or goals that are inconsistent with those of the Funds or may be in a position to take action contrary to the Funds' investment objectives. In addition, the Funds may under certain circumstances be liable for actions of third party co-venturers or partners. The Funds' ability to exercise control or significant influence over management in these cooperative efforts will depend upon the nature of the joint venture arrangement. In addition, such arrangements are likely to involve restrictions on the resale of the Funds' interest in the portfolio company.

**Illiquidity and Restrictions on Transfer.** The partner interests have not been registered under the Securities Act or any other applicable securities laws. There is no public market for the Interests and none is expected to develop. In addition, the Interests are not transferable except with the consent of the general partner, which may be withheld in its sole discretion, and are subject to the terms and conditions of the partnership agreement. Limited partners generally may not withdraw capital from the Funds. Consequently, investors may not be able to liquidate their investments prior to the end of the Funds' term.

**Dependence on Key Personnel.** The success of the Funds depends in large part on the skill and expertise of the senior executives. There can be no assurance that the senior executives or other employees of Solera Capital will continue to be employed by Solera Capital throughout the life of the Funds. The loss of key personnel could have a material adverse effect on the Funds.

**No Right to Control the Funds' Operations.** Limited partners will have no opportunity to control the day-to-day operations, including investment and disposition decisions, of the Funds. In order to safeguard their limited liability for the liabilities and obligations of the Funds, limited partners must rely entirely on the general partner or Solera Capital to conduct and manage, respectively, the affairs of the Funds.

**Risks Arising from Provision of Managerial Assistance.** The Funds will attempt to structure Funds' investments so that each Fund will qualify as a VCOC within the meaning of regulations

promulgated under ERISA. Therefore, the Funds may obtain rights to participate substantially in and to influence substantially the conduct of the management of the majority (valued at cost) of the Funds' portfolio companies. The Funds typically will designate directors to serve on the Boards of Directors of portfolio companies. The designation of representatives and other measures contemplated could expose the assets of the Funds to claims by a portfolio company, its security holders and its creditors, including claims that the Funds are a controlling person and thus liable for securities laws violations of a portfolio company. These measures also could result in certain liabilities in the event of the bankruptcy or reorganization of a portfolio company; could result in claims against the Funds if the designated directors violate their fiduciary or other duties to a portfolio company or fail to exercise appropriate levels of care under applicable corporate or securities laws, environmental laws or other legal principles; and could expose the Funds to claims that they have interfered in management to the detriment of a portfolio company. While Solera Capital intends to manage the Funds in a way that will minimize the exposure to these risks, the possibility of successful claims cannot be precluded.

**Risks Upon Disposition of Investments.** In connection with the disposition of an investment in a portfolio company, the Funds may be required to make representations about the business and financial affairs of the portfolio company typical of those made in connection with the sale of any business, or may be responsible for the contents of disclosure documents under applicable securities laws. Although the Funds attempt to structure transactions so that they do not have to do so, the Funds may also 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 incorrect, inaccurate or misleading. These arrangements may result in contingent liabilities, which might ultimately have to be funded by the limited partners to the extent of their commitments. Also, the partnership agreement will contain provisions to the effect that if there is any such claim in respect of a portfolio company, the Funds' indemnity in respect thereof may be funded by the limited partners.

**Performance Allocations.** The fact that the general partner's compensation is based on the performance of the Funds may create an incentive for the general partner to cause the Funds to make investments that are more speculative than would be the case in the absence of performance-based compensation. However, this incentive may be mitigated somewhat by the fact that losses will reduce the Funds' performance and thus the general partner's compensation.

**Absence of Regulatory Oversight.** While the Funds may be considered similar in some ways to an investment company, they are not required and do not intend to register as such under the Investment Company Act and, accordingly, limited partners are not accorded the protections of the Investment Company Act.

**Tax Treatment.** There may be changes in tax laws or interpretations of such tax laws adverse to the Funds or its limited partners. Solera Capital will attempt to structure the Funds' investments in a manner that is generally tax-efficient for the majority of limited partners. However, there can be no assurance that the structure of the Funds or of any investment will be tax-efficient to

any particular limited partner. Prospective investors are urged to consult their tax advisers with reference to their specific tax situations, including any applicable U.S. state or local or non-U.S. taxes and, in the case of U.S. tax exempt and non-U.S. investors, with reference to any special issues that investment in the Funds may raise for such investors.

**Follow-On Investments.** The Funds may be called upon to provide follow-on funding for their portfolio companies or have the opportunity to increase their investment in such portfolio companies. There can be no assurance that the Funds will wish to make follow-on investments or that they will have sufficient funds to do so. Any decision by the Funds not to make follow-on investments or its inability to make them may have a substantial negative impact on a portfolio company in need of such an investment or may diminish the Funds' ability to influence the portfolio company's future development.

**Involuntary Liquidation of Interest.** Pursuant to the partnership agreement, the general partner may terminate the Interest of any limited partner and cause such limited partner to withdraw from the relevant Fund under certain circumstances, including if the continued participation of such limited partner in the Funds would be detrimental to the Fund, *e.g.*, by causing the Fund to be required to register under the Investment Company Act.

**Reliance on Management of Portfolio Companies.** Although Solera Capital will provide continuous management oversight of each investment within the Funds, the Funds will rely upon management of the portfolio companies to operate the portfolio companies on a day-to-day basis; there can be no assurance that such management will continue to operate successfully

**Conflicts of Interest.** Solera Capital's management persons may be involved in the oversight of more than one Fund, and may spend more time on one Fund than another. Several Funds may hold the same investment, but in different amounts, and with different cost and return potential. Additionally, Funds may provide different management incentives to Solera Capital's management persons. Solera Capital's CEO and members of senior management review these and other potential conflicts of interest, and may seek the advice and counsel of a Fund's Advisory Committee.

**Confidential Information.** Solera Capital and its affiliates receive certain confidential client information in the normal course of their business. Such information would not ordinarily be available to Solera Capital in connection with the Funds' business. In addition, the possession of such information by Solera Capital or its affiliates may preclude the Funds from engaging in certain transactions and may constrain their flexibility.

**Side Agreements.** In accordance with common industry practice, the general partner of a Fund may enter into "side letters" or side agreements with certain investors in a Fund whereby the general partner (an affiliate of Solera Capital) may grant individual investors specific rights, benefits, or privileges not set forth in the governing documents. Such investor specific rights,

benefits, or privileges may not be applicable to all investors and therefore may not be available to all investors generally.

**Cybersecurity Breaches and Identity Theft.** Cybersecurity incidents and cyber-attacks have been occurring globally at a more frequent and severe level and will likely continue to increase in frequency in the future. Solera Capital, the Funds' service providers, and other market participants increasingly depend on complex information technology and communications systems to conduct business functions. These systems are subject to a number of different threats or risks that could adversely affect the Funds and their investors, despite the efforts of Solera Capital and the Funds' service providers to adopt technologies, processes and practices intended to mitigate these risks and protect the security of their computer systems, software, networks and other technology assets, as well as the confidentiality, integrity and availability of information belonging to a Fund and its investors. For example, unauthorized third parties may attempt to improperly access, modify, disrupt the operations of, or prevent access to these systems of Solera Capital, the Funds' service providers, or data within these systems. Third parties may also attempt to fraudulently induce employees, customers, third-party service providers or other users of Solera Capital's systems to disclose sensitive information in order to gain access to Solera Capital's data or that of the Funds' investors. A successful penetration or circumvention of the security of Solera Capital's systems could result in the loss or theft of an investor's data or funds, the inability to access electronic systems, loss or theft of proprietary information or corporate data, physical damage to a computer or network system or costs associated with system repairs. Such incidents could cause the Funds, Solera Capital or their service providers to incur regulatory penalties, reputational damage, additional compliance costs or financial loss.

Similar types of operational and technology risks are also present for the companies in which the Funds invest, which could have material adverse consequences for such companies, and may cause the Funds' investments to lose value.

**Coronavirus Outbreak.** The outbreak of the novel coronavirus in many countries, including the United States, continues to adversely impact global commercial activity, and has contributed to significant volatility in financial markets. The global impact of the outbreak is still evolving, and as cases of mutated versions of the virus continue to be identified in the United States and other countries, many countries may institute additional quarantines and restrictions on travel. Such actions are and could continue to create disruptions in global supply chains and adversely impact a number of industries, such as transportation, hospitality and entertainment. In addition, the reaction of the public and local and international governments is still evolving. The coronavirus health crisis developed rapidly and unpredictably and may continue to do so, which may prevent governments, companies or others (including Solera Capital and the Funds) from taking timely or effective steps to mitigate or reduce any adverse impacts. In the United States, Europe and elsewhere, including many major cities, governments and businesses continue to implement mandatory or voluntary quarantines or "social distancing" recommendations, which has led to

large portions of their populations remaining at home for indefinite periods of time, rather than working from offices or frequenting non-essential retail, hospitality or entertainment establishments. The outbreak could have a continued adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate adverse impact of the novel coronavirus. Nevertheless, the novel coronavirus presents material uncertainty and risk with respect to the Funds' performance and financial results.

**Item 9: Disciplinary Information**

Neither Solera Capital nor any of its supervised persons have been subject to any legal or disciplinary events that would be material to our business or to an investor or prospective investor's evaluation of Solera Capital or the integrity of our professionals.

**Item 10: Other Financial Industry Activities and Affiliations**

The general partners of the Funds are affiliated with Solera Capital by common ownership. Otherwise Solera Capital and its related persons do not have any relationships or arrangements with financial service companies that raise a material conflict of interest. Should any conflicts arise, they will be addressed in accordance with the Code of Ethics (as described in 11) and also in accordance with the governing documents of the Funds as applicable.

**Item 11: Code of Ethics, Participation or Interest in Client Transactions****Code of Ethics**

We have adopted a Code of Ethics ("Code") which sets forth standards of business conduct we require of our supervised persons. The Code is intended to assist us and our supervised persons in complying with the requirements of Rule 204A-1 under the Investment Advisers Act of 1940, as amended (the "Advisers Act"), as well as provisions of the federal securities laws pertaining to insider trading.

The Code contains procedures and policy statement on insider trading to inform employees and covered persons of what constitutes material, nonpublic information and the laws and requirements relating to insider trading and confidentiality and our policies in that area.

The Code also sets forth personal trading policies applicable to certain employees and certain family members and affiliates ("covered persons") that are designed to address actual or potential conflicts of interest (or appearances of conflicts) with the Funds.

Covered persons may not trade for themselves or recommend trading in the securities of a public company while in possession of material, nonpublic information concerning such company, or disclose such information to any person not entitled to receive it. In accordance with the Code, covered persons are not permitted to effect transactions individually in public companies that are portfolio investments of any of the Funds without the approval of the Chief Compliance Officer.

Our Code requires that covered persons report brokerage transactions to the Chief Compliance Officer. Transactions in certain financial products, including certain mutual fund shares, U.S. government securities and certain money market instruments may be excluded from such reporting requirements.

Our Code also requires that covered persons seek pre-clearance with respect to investments in any private placement or initial public offering. These limitations and pre-clearance requirements generally do not apply to transactions in certain investments, including investments in accounts over which the covered person has no direct or indirect control.

Solera Capital, its affiliates, and equity holders, officers, principals and employees of Solera Capital and its affiliates may buy or sell securities or other instruments that Solera Capital has recommended to a Fund. In addition, officers, principals and employees may buy securities in transactions offered to but rejected by a Fund. Such transactions are subject to any restrictions in the Fund's partnership agreement and any policies and procedures set forth in our Code of Ethics. The investment policies, fee arrangements and other circumstances of these investments generally vary from those of any Fund. The general partner of a Fund will generally have capital investments in or alongside certain Funds, or in prospective portfolio companies directly or indirectly, and therefore may have additional conflicting interests in connection with these investments.

A copy of our Code of Ethics will be provided to any Client or prospective client upon request.

## **Item 12: Brokerage Practices**

The Funds we manage have traditionally invested only in private companies and the securities that we typically purchase or sell on behalf of the Funds are acquired and/or disposed of in privately negotiated purchase and sale transactions. Accordingly, we do not make regular use of brokers for the purposes of purchasing or selling public securities on behalf of the Funds.

From time to time, we may use a broker to effect transactions in public securities resulting from, or in connection with, portfolio investments. In those instances, we have full discretionary authority with respect to the selection of, and commissions paid to, brokers. If we determine to engage a broker, we will select the broker considering the range and quality of its brokerage services, its execution capability, commission rate, financial responsibility and responsiveness to us, and the value to us of research provided, if any.

We do not receive soft dollar benefits or client referrals from broker-dealers in connection with client transactions.

**Item 13: Review of Accounts**

Solera Capital provides investors in the Funds reports and statements sufficient for the investors to appropriately manage and monitor their investments. Fund Investors typically receive written quarterly unaudited financial statements, annual audited financial statements, quarterly reports with updates on the portfolio companies, and year-end information for United States tax filings.

A key part of Solera Capital's strategy is our active engagement with respect to Fund portfolio companies. One or more members of the investment team are in contact regularly (generally at least weekly) with the portfolio companies. The portfolio companies provide updates on sales and other financial metrics weekly, and in some cases daily. Members of the investment team review monthly financial statements for each of the portfolio companies.

**Item 14: Client Referrals and Other Compensation**

Solera Capital may from time to time engage one or more persons to act as a placement agent for a Fund in connection with the offer and sale of interest to certain prospective investors. The management fees charged by Solera Capital are subject to reduction to pay any placement fees paid or payable by the Funds (with the result that placement agent fees are borne by Solera Capital).

**Item 15: Custody**

Solera Capital is deemed to have custody of client assets in accordance with the terms of the governing documents of the Funds. We have implemented the following procedures for the Funds:

- Annual audit by an independent auditor who is PCAOB registered.
- Audited financial statements to investors within 120 days of the Funds' fiscal year end with partners' capital statements.
- A qualified custodian maintains the cash for the Funds in a separate account(s) in the name of the Funds.

**Item 16: Investment Discretion**

Solera Capital manages the Funds on a discretionary basis and as such we have broad discretion to make investments within the parameters described in the offering materials. Our investment strategy is summarized above in Item 8, and more completely described in the offering materials for the Funds.

**Item 17: Voting Client Securities**

While the securities evidencing the private equity investments made by the Funds are not typically the subject of proxies, there could be certain circumstances where Solera Capital, having discretionary authority over the Funds, may be asked to vote the securities of the Funds on restructuring or other corporate matters. It is our general policy to vote Client proxies in the interest of maximizing shareholder value.

We will also determine whether there is, or appears to be, a material conflict of interest that could influence the voting decision in a manner that would be adverse to the interests of a Fund. We have adopted policies and procedures to address these material conflicts of interest.

A copy of our proxy voting policies and procedures will be provided to any Client and prospective client upon request. Current Clients may also request information about the way in which we voted in connection with assets held by them.

**Item 18: Financial Information**

Solera Capital has never filed for bankruptcy and is not aware of any financial condition that is reasonably likely to impair our ability to meet our contractual commitments to our Clients.