



**Investment Advisor Brochure
Part 2A of Form ADV**

Transom Capital Group, LLC

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This brochure provides information about the qualifications and business practices of Transom Capital Group, LLC. If you have any questions about the contents of this brochure, please contact us at: (424) 832-7299, or by email at: ndastic@transomcap.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission, or by any state securities authority. Registration as an investment adviser does not imply any level of skill or training.

Additional information about Transom Capital Group, LLC is available on the SEC's website at www.adviserinfo.sec.gov.

March 30, 2021

Item 2: Material Changes

Annual Update

Transom Capital Group, LLC (“Transom”) is providing this information as part of our annual updating amendment which last occurred in March 2020.

Material Changes Since the Last Update

There have been no material changes to Transom’s business since our last filing in March 2020. However, we still encourage everyone to read this Form ADV, Part 2A in its entirety.

Full Brochure Availability

This Brochure is also available upon request by contacting Nathan Dastic at (424) 832-7299, or by emailing ndastic@transomcap.com

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Item 4: Advisory Business

Transom Capital Group, LLC (“Transom” or the “Advisor”) was formed in 2008. Transom has more than 10 years of experience in sourcing, underwriting and managing private investments in the United States. The Advisor is the wholly-owned subsidiary of Transom Capital Management, L.P., a Delaware limited partnership (“TCM”). The general partner of TCM is Transom Capital Holdings, LLC, a Delaware limited liability company (“TCH”). The owners of TCM and TCH are Kenneth B. Firtel and Russell W. Roenick (collectively, the “Managing Partners”) acting through their family trusts. The Advisor provides investment advisory services to the following private pooled investment funds (collectively, together with any future private investment fund to which Transom or its affiliates provide investment advisory services, the “Funds”):

- Transom Capital Fund II, LP and Transom Capital Fund II (Parallel), LP (collectively, “Fund II”)
- Transom Capital Fund III, LP (“Fund III”)

Transom also manages the following private pooled co-investment funds (collectively- “Co-Investment Funds”) to allow certain Limited Partners and other persons to invest in certain portfolio investments made by Fund II:

- Transom Bravo Holdings, LLC (“Bravo Holdings”)
- Transom One Holdings, LLC (“One Holdings”)
- Transom Semitorr Holdings, LLC (“Semitorr”)
- Transom Angeleno Critigen, LLC (“Critigen”)

The following entities (collectively, the “General Partners”) are considered to be affiliates of the Advisor for the purpose of this Brochure and each is controlled by one or more of the Managing Partners:

- Transom Capital GP II, LLC
- Transom One GP, LLC
- Transom Capital GP III, LLC

The Funds are focused on control buyouts with small- and middle-market companies that demonstrate the opportunity for operational improvement through the implementation of Transom’s proprietary and scalable ARMORTM value creation process. The ARMORTM value creation process is designed to assist Transom in the acquisition of companies that are off the radar of traditional buyout firms; specifically, Transom invests in companies that are characterized as “undermanaged”, ranging from slightly underperforming to heavily distressed, and companies that are subject to a special situation sale dynamic.

Transom formulates the Funds' investment objectives and facilitates the acquisition, management, monitoring and disposition of the Funds' investments. The Advisor provides investment advice directly to the Funds and not individually to the Funds' Limited Partners ("Limited Partners"). Transom does not consider the Limited Partners' individual investment objectives when managing the Funds. Transom manages the assets of the Funds in accordance with the terms of the Funds' private placement memoranda and individual Limited Partnership agreements or any other governing documents applicable to the Funds (together, the "Governing Fund Documents"). All terms are generally established at the time of the formation of the Funds and may only be amended, modified or waived in accordance with the Governing Fund Documents. Limited Partners do not participate in the investment decisions made by the Funds and may only make withdrawals from the Funds as permitted under very limited circumstances by the Governing Fund Documents.

In order to facilitate investment by certain Limited Partners, the General Partners may create one or more parallel investment entities (each, a "Parallel Fund"). The structure of these entities may differ from the Funds, but they will invest proportionately with the Funds in all investments on the basis of available capital and will contain terms and conditions that are substantially the same as the Funds (except as appropriate to accommodate such Limited Partners' legal, tax, regulatory or similar requirements). Any Parallel Fund will be managed by the Advisor or its affiliates and will be responsible for its pro rata share of expenses and indemnities.

The General Partner of Fund III may also create Alternative Investment Vehicles (each an "AIV") to facilitate capital contributions by the Fund or Limited Partners in potential investments. Any investment expenses or indemnification or repayment obligations related to such investment are borne by Fund III and the AIV in proportion to the capital committed by each to the investment. The General Partner of Fund III may also create investment vehicles ("Feeder Fund") to permit third party investors to invest in Fund III, any Parallel Fund or AIV.

The General Partners may, in their sole and absolute discretion, offer to one or more persons, including any Limited Partner, the opportunity to co-invest with the Funds in certain investments. Co-investment opportunities may be made available through Limited Partnerships or other entities formed to make such investments. The General Partners will allocate available investment opportunities among the Funds, any Co-Investment Funds and other co-investors in a fair and equitable manner, as determined by the General Partners.

Limited partnership interests in the Funds are not registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and the Funds are not registered under the U.S. Investment Company Act of 1940, as amended (the "Investment Company Act"). Accordingly, interests or shares in the Funds are offered and sold exclusively to Limited Partners satisfying the applicable eligibility and suitability requirements for private placement transactions within the United States.

The fair values of the investments held by the Funds are estimated by Transom on a quarterly basis. As of December 31, 2020, Transom managed \$652,685,678 on a discretionary basis. Transom does not manage assets on behalf of any clients on a non-discretionary basis.

Item 5: Fees and Compensation

Transom provides investment advisory services to the Funds pursuant to investment advisory agreements (the “Agreement”). The Agreement, along with the Governing Fund Documents, set forth the Transom entity which receives management or similar fees in connection with the investment advisory services provided by the Advisor to the Funds. The Governing Fund Documents describe fees, compensation and expenses in greater detail.

Management Fees

Transom currently receives annual management fees (the “Management Fees”) from Fund II. During the investment period, Fund II pays the Advisor a Management Fee in respect to each Limited Partner (other than the General Partners) equal to the product of (i) 2.00% times (ii) the commitment of such Limited Partner, as calculated as of the payment date of such Management Fee. Following the investment period, the annual Management Fee payable in respect of each Limited Partner (other than the General Partners) will equal the product of (A) 2.00% times (B) the aggregate Capital Contributions of such Limited Partner in respect of investments that have not been sold or otherwise disposed of less aggregate net unrealized losses from such investments, as calculated as of the payment date of such Management Fee. The General Partners may, in their sole discretion, reduce or waive the Management Fee payable in respect of a Limited Partner in Fund II, which reduction shall inure solely to the benefit of such Limited Partner. The Co-Investment Funds are typically not charged Management Fees.

Fund III pays the Advisor a Management Fee during the investment period from each Limited Partner equal to 2.00% of each Limited Partner’s commitment. After the investment period, the Management Fee is 2.00% of (A) the aggregate capital contributions of each Limited Partner that have been invested in Investments that have not been the subject of a disposition minus (B) each Limited Partner’s aggregate net unrealized losses.

Fee Income/Management Fee Offsets

The General Partners, the Advisor and their affiliates may from time to time receive transaction fees, advisory fees, break-up fees and other similar fees (collectively, “Transaction Fees”), as well as monitoring fees and other similar fees (collectively, “Monitoring Fees”), from portfolio companies and prospective investments. Transom and Transom’s investment professionals may also receive directors’ fees paid by portfolio companies in connection with a Fund’s investments (“Director Fees”).

Depending on the terms of the relevant Fund’s Governing Fund Documents, the amount of fee income available to offset Management Fees for the Funds is based upon the Fund’s allocable share of such fees based on its respective ownership (or proposed ownership) for each actual or proposed investment. For Fund III, the Management Fees will be offset by (1) until the second anniversary of the first date on which capital contributions were due from such Limited Partner for the purpose of paying Management Fees, such Limited Partner’s *pro rata* share (based on the Limited Partners’ relative commitments) of the sum of (i) 70% of the Fund’s allocable share of any net Transaction Fees and Director Fees, (ii) 50% of the Fund’s allocable share of any net Monitoring Fees, (iii) 100% of all placement fees paid or reimbursed by the Fund and (iv) 100% of any organizational expenses paid or

reimbursed by the Fund in excess of \$1,000,000, in the case of each of clauses (i) through (iv), to the extent not previously applied to reduce the Management Fee; and (2) thereafter, such Limited Partner's *pro rata* share (based on the Limited Partners' relative commitments) of the sum of (i) 100% of the Fund's allocable share of any net Transaction Fees and Director Fees, (ii) 100% of the Fund's allocable share of any net Monitoring Fees, (iii) 100% of all placement fees paid or reimbursed by the Fund and (iv) 100% of any organizational expenses paid or reimbursed by the Fund in excess of \$1,000,000, in the case of each of clauses (i) through (iv), to the extent not previously applied to reduce the Management Fee.

For Fund II, 70% of net Transaction Fees and Director Fees, and 50% of any net Monitoring Fees, net of certain reimbursable expenses, received in a given year up to a specified threshold will reduce the aggregate amount of the Management Fees payable to Transom during any semi-annual period in such year. One hundred percent of such net fees received in a given year in excess of a specified threshold will also reduce the aggregate amount of Management Fees payable to Transom during such year.

The Advisor and/or its affiliates have discretion over whether to charge Transaction Fees, Monitoring Fees or other similar fees or to require other compensation from a portfolio company and, if so, the rate, timing and/or amount of such compensation. The receipt of such compensation may give rise to conflicts of interest between the Funds, on the one hand, and the Advisor and/or its affiliates on the other hand.

Carried Interest

The General Partners generally are entitled to receive carried interest from certain Funds equal to 20% of all realized profits, subject to a specified preferred return with a related General Partner catch-up provision, as more fully described in such Funds' Governing Fund Documents. If applicable, the Funds' Governing Fund Documents may also include standard industry claw back provisions to prevent instances in which the applicable General Partner had received excess distributions of carried interest. The General Partners of certain Funds may waive or reduce the amount of carried interest borne by any Limited Partner.

Other Fees and Expenses

The Funds bear all legal and other expenses incurred in connection with the formation of a Fund and its General Partner, and the offering of interests, including without limitation, attorneys' fees, auditors' fees, consulting and structuring fees (other than any placement fees) (collectively, "Organizational Expenses"). With respect to Fund II, the maximum amount of Organizational Expenses that may be borne (without a right of reimbursement from Transom or its affiliates) will not exceed \$500,000 ("Organizational Expenses"). Any Fund III Organizational Expenses in excess of \$1 million offset the Management Fees as described above. Fund III Organizational Expenses may also include the expenses (but not placement fees) of any placement agent that assisted in marketing interests in Fund III and any related entity.

Funds II and the Co-Investment Funds generally pay all costs and expenses relating to their activities (to the extent not reimbursed by a portfolio company) (together with Organizational Expenses, "Fund Expenses"), legal, auditing, consulting and accounting expenses (including expenses associated with the preparation of the Fund's financial statements and tax returns), expenses of the Fund's Limited Partner Advisory Committees, commitment fees payable in connection with credit facilities provided

to the Funds, insurance premiums, taxes, fees and due diligence and other expenses associated with the acquisition, holding and disposition of investments, all third-party expenses in connection with transactions not consummated, the costs and expenses of any litigation involving a Fund and the amount of any judgments or settlements paid in connection therewith, other extraordinary expenses, and other expenses as described in the Governing Fund Documents.

With respect to Fund III, Fund Expenses include the Management Fees; investment expenses (e.g. expenses incurred in connection with the discovery, investigation, development, negotiation, documentation, purchase, holding and disposition of investments including unconsummated deal costs, sales commissions, legal, accounting, custodian and appraisal fees, travel (which can include first-class travel) and related expenses, introduction and similar fees, external consultant fees, information services and professional fees and expenses); expenses associated with the preparation, printing and delivery of the Fund's or any Feeder Fund's reports, notices, financial statements, tax returns, Forms K-1, opinions and other communications with Partners; expenses of the L.P. Advisory Committee and its members, in that capacity; costs of meetings of the Partners (including investors in any Feeder Fund); any insurance premiums, deductibles or expenses (including with respect to insurance aimed at reducing the Fund's indemnification obligations); expenses related to the Partnership's exercise of its remedies related to defaulting partners as described in the Fund's Governing Fund Documents and the corresponding remedies exercised by any Feeder Fund; any extraordinary expenses of the Fund or any Feeder Fund; the costs and expenses of proceedings involving the Fund or any Feeder Fund and the amount of any related judgments or settlements; regulatory expenses, including regulatory expenses of the General Partner, the Advisor or their respective Affiliates incurred in connection with the Fund's holdings, investments, investment activities and filings including preparation and filing of the SEC's Form PF and other similar U.S. and non-U.S. regulatory filings; provided, that the Advisor or the General Partner will pay all expenses resulting from (A) the General Partner's or the Advisor's compliance with the Investment Advisers Act of 1940 ("Advisers Act") and the Dodd-Frank Wall Street Reform and Consumer Protection Act to the extent such expenses are directly related to the conduct of the General Partner's or the Advisor's advisory business and not the Fund or the offering of interests and (B) investigations by the Securities and Exchange Commission (the "SEC") or any other governmental authorities of competent jurisdiction to the extent the General Partner or the Advisor is a named party to such investigation and such investigation does not concern actions taken by the General Partner, the Advisor, the principals and any affiliate thereof, or their respective employees on behalf of the Fund; provided, however, under no circumstances shall the Fund pay or reimburse any indemnified party for losses under this clause to the extent such losses are not indemnifiable by the Fund pursuant to the Fund III Governing Fund Documents; any taxes, fees or other governmental charges levied against or payable by the Fund or any Feeder Fund and expenses related to complying with any tax laws and interpretations thereof; provided, however, that certain taxes and other governmental charges incurred on behalf of or for the benefit of one or a few partners (such as withholding taxes and imputed underpayment amounts) shall be borne exclusively by such partners; expenses incurred in connection with any borrowings or guarantees by the Fund or the financing of investments; any expenses incurred in connection with amendments to the constituent documents of the Fund, any Feeder Fund, any AIV and any special purpose entity; any expenses incurred in connection with the formation of any AIVs or special purpose entities; any expenses incurred in connection with distributions by the Fund; any expenses incurred in connection with the valuation of assets of the Fund or any Feeder Fund; any expenses incurred in connection with the dissolution, winding up, liquidation or termination of the Fund and any Feeder Fund; any unreimbursed expenses resulting from a co-investment opportunity that is considered for the Fund and shown to prospective co-investors, but which co-investment opportunity does not materialize into an investment, including

expenses related to the participation in such potential investment by prospective co-investors, notwithstanding the possibility that co-investors might have participated in such potential investment if it was actually consummated by the Fund; and any other expenses approved by the L.P. Advisory Committee (as defined below) provided, however, to the extent the General Partner reasonably determines that any Fund Expense incurred by any AIV or Feeder Fund is unique to maintaining the operations of such AIV or Feeder Fund, then such Fund Expense shall be allocated and borne entirely by such AIV or Feeder Fund, as applicable.

Transom or its affiliates pay all of the ordinary overhead expenses of the Advisor, the General Partners and the Funds, excluding any Fund Expenses, including but not limited to, the salary of, and office space for, the Advisor's officers and employees involved in investment and economic research and investment advice for the Funds.

Limited Partners are encouraged, to the extent practicable, to inquire about and review all fees charged by Transom and others to fully understand the total amount of fees to be paid by the Funds and, indirectly, their Limited Partners.

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

As described above in the Fees and Compensation section, Transom or its affiliates receive performance-based compensation (incentive fees or carried interest). See Fees and Compensation Section for a description of the performance-based compensation. Also, certain of Transom's supervised persons receive compensation that is directly tied to the aggregate performance of the Funds. The fact that a significant portion of Transom's and certain supervised persons' compensation is directly computed on the basis of profits creates an incentive for Transom to make investments on behalf of the Funds that are riskier or more speculative than would be the case in the absence of such compensation. Transom manages this conflict of interest by ensuring that no single person makes material investment decisions for the Funds. In addition, the General Partners and one or more of the Managing Partners and other principals of Transom generally maintain interests in the Funds on the same basis as outside Limited Partners (with the exception of management fees and carried interest, which may be waived); this also serves to alleviate the incentive to engage in riskier or more speculative investments.

Additionally, certain of the Funds have formed Limited Partner advisory committees (the "L.P. Advisory Committees") that consist of representatives of the Limited Partners appointed by the General Partners. No member of an L.P. Advisory Committee may be an affiliate of the General Partners or of the Advisor.

An L.P. Advisory Committee does not participate in the management of its respective Fund. An L.P. Advisory Committee may address conflicts of interest and valuation issues, review matters requiring its prior consent or approval in accordance with the Governing Fund Documents and perform such other duties as may be requested by the General Partners. Actions taken by an L.P. Advisory Committee require the consent of a majority of its members. The Funds reimburse the members of their respective L.P. Advisory Committees for certain of their reasonable out-of-pocket expenses.

Item 7: Types of Clients

Transom provides investment management and advisory services to the Funds directly, subject to the direction and control of the affiliated General Partners of the Funds, and not individually to the Limited Partners. Limited Partners in the Funds may include, but are not limited to, pension plans (corporate, state and foreign), endowments, foundations, other pooled investment vehicles (e.g., funds-of-funds), trusts, estates or charitable organizations, and corporate or business entities. The Funds are not registered under the Investment Company Act, in reliance on an appropriate exemption.

The minimum commitment for a Limited Partner is outlined in the Governing Fund Documents; however, the General Partners maintain discretion to accept less than the minimum investment threshold. Limited Partners are required to meet certain suitability qualifications, such as being an “Accredited Investor” within the meaning set forth in Rule 501(a) of Regulation D under the Securities Act. Also, details concerning applicable Limited Partner suitability criteria are set forth in the Governing Fund Documents and subscription materials, which are furnished to each Limited Partner, or may otherwise be provided to Transom at the time of investment.

The General Partners, the Advisor and/or the Funds may from time to time, without the approval of any Limited Partner, enter into side letters or similar written agreements (each, a “Side Letter”) with one or more Limited Partners whereby, in consideration for agreeing to invest certain amounts in the Fund and other consideration deemed appropriate to the Funds (such as regulatory or tax considerations), such Limited Partners may be granted economic, information and other rights related to their investment in a Fund that may be more favorable than those granted to the Limited Partners generally under the Governing Fund Documents. Such agreements will have the effect of establishing rights under, or altering or supplementing the terms of, the Fund Governing Fund Documents with respect to such Limited Partners.

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

Limited Partners are encouraged to review the Governing Fund Documents for a more complete discussion of Transom’s investment strategies and the risks associated with an investment in the Funds. Transom is focused on acquiring companies in the small to middle-market, which Transom defines as having revenue between \$25 million and \$250 million (although Transom typically targets companies with revenues in excess of \$50 million) as it seeks to exploit inefficiencies within this marketplace as part of its investment strategy. Transom believes that companies of this size, either as a stand-alone company or a division or subsidiary of a larger corporate parent, are prevalent. For example, if the number of employees is used as a proxy for size, there are approximately 11.4 million companies with 500 or fewer employees and approximately 138,280 companies with more than 500 employees according to the 2011-2012 Census.

Transom’s strategy is to pursue control buyout transactions in the lower middle market with the objective of generating top-tier equity returns through operational excellence, as implemented via its ARMORTM value creation process. Transom looks to acquire companies that are along the performance continuum between undermanaged and heavily distressed. In terms of undermanaged, this typically means that a target company is not performing at an optimal level as a result of factors such as missing key members of management, poor strategic direction or focus, or otherwise lacking operational sophistication in key areas. On the other end of the spectrum is a heavily-distressed company, which is typically generating negative cash flows and is having issues on both the income statement and the balance sheet. From a balance sheet perspective, a heavily distressed company

often is in violation of covenants with its lender, is stretching trade payables to provide additional cash flow to the business and is operating from a negative working capital position. From an income statement perspective, a heavily-distressed company is often generating negative EBITDA, presents lower than industry-average gross margin, and possesses an inflated level of operating expense. Along this continuum of company performance sits companies in need of turnaround or restructuring, the severity of which dictates whether they are closer to undermanaged or heavily distressed.

An investment in the Funds involves substantial risks. The risk factors set forth below are not intended to be an exhaustive list of the general or specific risks involved, but merely to identify certain of the risks that are now foreseen by the Funds. Other risks, not now foreseen, might become significant in the future and that the risks which are now foreseen might affect the Funds to a greater extent than is now foreseen or in a manner not now contemplated. In light of the risk factors discussed below, among others, an investment in the Funds is suitable only for Limited Partners of substantial financial means who have no need for liquidity to the extent of their investment in the Funds and can afford a total loss of their investment. Each Limited Partner should consult his or her own professional advisors as to the legal, tax and related matters concerning an investment in the Funds.

Business Risks

The Funds' investment portfolios are expected to consist primarily of controlling interests in private companies. Such investments involve a high degree of business and financial risk which can result in substantial losses. The success of the Funds' investments in general will be subject to a variety of risks, including, without limitation, those related to (i) the quality of the management of the private companies and the ability of such management to successfully operate their companies; (ii) the ability to liquidate the Funds' interests in these investments; and (iii) general economic conditions.

The task of identifying investment opportunities in private companies, monitoring and directing such investments and realizing a significant return for the Funds is difficult. Many organizations operated by persons of competence and integrity have been unable to make, manage and realize on such investments successfully. There is no assurance that the General Partners will be able to return contributed capital or generate returns for the Funds. The private equity business is competitive. The Funds and Transom may compete with other prospective purchasers who have substantial resources and experience in acquiring private companies, potentially jeopardizing returns for the Funds.

Control Investments and Directorships

The Funds plan to acquire control positions in small and middle-market companies in which it invests. Additionally, officers and employees of the General Partners or the Advisor may serve as directors of portfolio companies in which the Funds invest. The exercise of control over a company through a control position, or the service of an officer or employee of the General Partners or the Advisor as a director of such company, could (i) expose the assets of the Funds to claims by such company, its security holders and creditors or (ii) impose additional risks of liability for failure to supervise management, violation of governmental regulations and other types of liability in which general limited liability protections are ignored. If these liabilities were to occur, the Funds directly, and the Funds' Limited Partners indirectly, would likely suffer losses with

respect to their investments.

Representatives of the Funds will generally serve on the boards of directors of the Funds' portfolio companies. Serving on the board of directors of a portfolio company exposes the Funds' representative, and ultimately the Funds, to potential liability. Although portfolio companies often have insurance to protect directors and officers from such liability, such insurance may not be obtained by all portfolio companies and may not cover all potential liability of its directors. Such potential liability will likely be covered by the Funds' obligation to indemnify such Funds representative.

Portfolio Company Risks

The Funds will be invested in portfolio companies that may be subject to a high degree of business and/or financial risks. The portfolio companies may be distressed or have operating losses or significant variations in operating results, and they may be engaged in a rapidly changing business subject to a substantial risk of competition and/or other significant challenges to their sustained operations and profitability. There can be no assurance that any portfolio company investment made by the Funds will be successful. In addition, a portfolio company may require substantial additional capital to support its operations, to finance expansion and/or to maintain its competitive position or may otherwise have a weak financial condition. Certain portfolio companies in which the Funds invest may face intense competition from larger and/or more experienced companies with greater financial and technical resources, more marketing and service capabilities and/or a greater number of qualified personnel.

No Assurance of Portfolio Company Returns

While private equity investments in growth companies, highly leveraged companies or newly organized companies offer the opportunity for capital appreciation, such investments also involve a high degree of risk. Many organizations operated by persons of competence and integrity have been unable to make, manage and realize a return on such investments successfully. The General Partners will generally determine the appropriate capital structure for each portfolio company in which a Fund invests based upon financial projections for that portfolio company. Projected operating results of a portfolio company 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.

Competition for Investments

The Funds expect to encounter competition from other entities having similar investment objectives. Potential competitors include other investment partnerships and corporations, business development companies, strategic industry acquirers and other financial Limited Partners investing directly or through affiliates. Additional funds with similar investment objectives may be formed in the future by other unrelated parties. Some of these competitors may have more relevant experience, greater financial resources and more personnel than the General Partners, the Advisor, the Funds and their affiliates. It is possible that competition for appropriate investment opportunities may increase, thus reducing the number of opportunities available to the Funds and adversely affecting the terms upon which Funds' investments can be made. There can be no assurance that the Funds will be able to identify or consummate Funds' investments in portfolio companies satisfying their investment criteria or that such investments will satisfy the Funds' rate of return objectives. Likewise, there can be no assurance that the Funds will be able to realize the

values of their investments or be able to invest their committed capital. To the extent that the Funds encounter competition for investments, returns to Limited Partners may decrease.

Bridge Financing

From time to time, the Funds may lend to portfolio companies on a short-term, unsecured basis in connection with an investment or a potential investment in such portfolio companies by the Funds. Such bridge financing may be convertible into a more permanent, long-term security; however, for reasons not always in the Funds' control, such long-term securities may not be issued, and such bridge financing may remain outstanding. In such event, the interest rate on such loans may not adequately reflect the risk associated with the unsecured position taken by the Funds.

Illiquid Nature of Investments

The Funds' investments in portfolio companies will be highly illiquid and there can be no assurance that the Funds will be able to realize such investments in a timely manner. Consequently, dispositions of such Funds investments may require a lengthy time period or may result in distributions in-kind to the Limited Partners. While a Fund's investment in a portfolio company may be sold at any time, it is not generally expected that this will occur for a number of years after the investment in a portfolio company is made. 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. The market prices, if any, of such investments tend to be volatile and the Funds may not be able to sell such investments when desired, or, upon sale, to realize what is perceived to be their fair value. In some cases, the Funds may be prohibited by contract from selling certain securities for a period of time. Even where the Funds holds freely tradable publicly-traded securities, a Fund's position may represent a significant portion of the outstanding public float of a particular portfolio company, creating a degree of illiquidity in the event that the Fund changed its investment decision or was unable to acquire control and wished to dispose of or reduce its position in such portfolio company by selling shares into the market.

Additional Capital Need

After the Funds make initial investments in portfolio companies, these portfolio companies may require additional funding, or the Funds may have the opportunity to increase their investment in successful portfolio companies. The General Partners can offer no assurance that the Funds will make follow-on investments or that the Funds will have sufficient funds or commitments available to make such investments. Any decision by the Funds not to make follow-on investments may have substantial adverse effects on portfolio companies in need of such investment, may result in missed opportunities for the Funds to increase their participation in successful ventures, or may cause a decrease in the value of the Funds' investments. In addition, to the extent that the Funds make follow-on investments, cash available for distribution to Limited Partners may be reduced.

Borrowings

The Funds may employ leverage for the purpose of making investments and covering the Funds' expenses pending the receipt of capital contributions. The use of leverage creates special risks and may significantly increase the Funds' investment risk. Leverage creates an opportunity for greater yield and total return but, at the same time, will increase the Funds' exposure to capital risk. Any investment income and gains earned on investments made through the use of leverage that are

in excess of the costs associated therewith may cause investment performance of the Funds to increase more rapidly than would otherwise be the case. Conversely, where the associated costs are greater than such income and gains, the investment performance of the Funds may decrease more rapidly than would otherwise be the case.

Portfolio Company Leverage

The Funds may invest in companies whose capital structures are leveraged. While investments in leveraged companies offer the opportunity for capital appreciation, such investments also involve a higher degree of risk. The Funds' investments may involve varying degrees of leverage, as a result of which recessions, operating problems and other general business and economic risks may have a more pronounced effect on the profitability or survival of such companies. Moreover, rising interest rates may increase portfolio company interest expense. If a portfolio company cannot generate adequate cash flow to meet debt service, the Funds may suffer a partial or total loss of capital invested in the portfolio company. While the use of leverage will create opportunities to increase the Funds' returns, it also may increase the Funds' losses. A decrease in the availability of financing (or an increase in the interest cost) for leveraged transactions (e.g., due to adverse changes in economic or financial market conditions such as those described above or a decreased appetite for risk by lenders) may materially impair the Funds' ability to consummate portfolio investments, to make leveraged distributions or to sell investments to buyers who utilize similar leverage strategies. Also, the securities of a portfolio company in which the Funds will invest may be among the most junior in the portfolio company's capital structure and thus subject to the greatest risk of loss.

Valuation of Investments

The Funds will rely on the General Partners for valuation of their assets and liabilities. The Funds will primarily hold securities and other assets that will not have readily accessible market values. The valuation of illiquid securities and other assets is inherently subjective and subject to increase risk that the information utilized to value such assets or create pricing models may be inaccurate or subject to error. Due to a wide variety of market factors and the nature of certain securities and assets to be held by the Funds, there can be no guarantee that the values determined by the General Partners will represent the values that will be realized by the Funds upon the disposition of the investment. The amount and timing of carried interest received by the General Partners may depend in part on the valuation of the Funds' assets and liabilities.

Item 9: Disciplinary Information

Neither Transom nor any of its officers, directors, employees or other management persons has been involved in any legal or disciplinary events that would require disclosure.

Item 10: Other Financial Industry Activities and Affiliations

Transom organized and sponsors the Funds and Co-Investment Funds, which are private investment companies. The Funds are controlled by their General Partners. The General Partners will be responsible for all ultimate decisions regarding transactions of the Funds and have full discretion over the management of the Funds' investment activities. The General Partners are not separately registered as investment advisers with the SEC; the Advisor will provide all investment advisory services to the Funds subject to the Advisers Act and the rules thereunder. In addition, employees

and persons acting on behalf of the General Partners are subject to the supervision and control of the Advisor. Thus, the General Partners and all of the persons acting on their behalf would be “persons associated with” the registered investment adviser so that the SEC could enforce the requirements of the Advisers Act on the General Partners.

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

Pursuant to Rule 204A-1 of the Advisers Act, Transom has adopted a written Code of Ethics (the “Code”) predicated on the principle that Transom owes a fiduciary duty to the Funds. The Code is designed to address and avoid potential conflicts of interest and is applicable to all officers, directors, members, partners or employees of the Advisor involved in the management of the Funds (the “Advisory Employees”). The Advisor requires Advisory Employees to act in the Funds’ best interests, abide by all applicable regulations and avoid any action that is, or appears to be, legally or ethically improper.

The Advisor, and Advisory Employees, execute transactions for their own accounts, subject to restrictions and reporting requirements as required by law and any relevant Governing Fund Documents or as otherwise determined from time to time by the Advisor. Execution of such transactions may present a conflict of interest. To mitigate this conflict, Transom monitors certain transactions.

The Code requires pre-clearance before purchasing an IPO or limited offerings (e.g., private placements); requires periodic reporting of Advisory Employees’ personal securities transactions and securities holdings; and requires prompt internal reporting of Code violations. A copy of the Code is available upon request.

Certain transactions in which Transom engages require, for either business or legal reasons, that no Advisory Employees trade in the subject securities for specified time periods. Such securities will appear on a list (the “Restricted List”) that will be circulated to all Advisory Employees. No Advisory Employee may engage in any sort of trading activity with respect to a security or a derivative thereof on the Restricted List without obtaining prior written approval from the chief compliance officer (“CCO”).

Transom and its related persons have made personal investments in the Funds alongside the Limited Partners or will otherwise have interests in the Funds (e.g., the General Partners for the Funds are 100% owned by related persons of Transom). As previously described in the Fees and Compensation section, Transom receives incentive compensation from the Funds, which creates a conflict of interest, and has addressed this conflict. See Performance Based Fee section.

Transom and Advisory Employees provide gifts and gratuities to various individuals or entities such as clients, vendors, consultants and service providers in the normal course of business. These gifts, gratuities and contributions are not premised upon any specific Investor referrals or any expectation of any other type of benefit to Transom. The Advisor has adopted detailed procedures requiring reporting and recordkeeping of gifts and gratuities. In addition, portfolio companies may, from time to time, make discounts and other benefits available to employees in connection with products or services offered by such companies. The Advisor and Advisory Employees also may make political contributions to persons who serve or seek to serve in elected capacities with certain public entities.

These political contributions are permitted only in compliance with the SEC's rule prohibiting "pay-to-play" activities adopted under Rule 206(4)-5 of the Advisers Act and any applicable state, local or governmental-plan level requirements.

Item 12: Brokerage Practices

Transom invests the Funds' assets almost exclusively in debt and equity investments in small and middle-market private companies.

Transom does not ordinarily engage financial intermediaries in connection with securities transactions for the Funds. If it does so, Transom will take into account a range of applicable factors (depending on the securities transaction) when retaining broker-dealers or other intermediaries for the purpose of completing said transactions. Factors assessed include expertise and background, the nature and size of the transaction, the reputation of the counterparty, settlement capabilities, time required to complete the transaction and whether arrangements relating to overall performance are in the best interest of the Funds.

In conducting such brokered transactions, Transom will seek, but is not required to obtain, best execution. Advisory Employees involved in securities transactions on behalf of the Funds will consider at the time of such transactions local market compensation for and the scope of services provided by financial intermediaries if such intermediaries are used. The CCO will review brokered securities transactions, if any, effected on behalf of the Funds in order to attempt to assess whether the fees paid by the Funds are reasonable in light of the services received. Transom does not participate in any soft dollar arrangements, and it does not receive research or other products or services other than execution from a broker-dealer or a third party in connection with the Funds' securities transaction.

Item 13: Review of Accounts

The General Partners for the Funds have ultimate responsibility for all investment decisions and will continuously review each Fund on an ad hoc basis. In addition, the CCO will review the Funds' investment activities periodically to ensure compliance with investment objectives and any investment restrictions set forth in the Governing Fund Documents.

Limited Partners will receive annual audited financial statements for the Funds. Also, Limited Partners will receive information necessary for the preparation of tax returns, as necessary.

Item 14: Client Referrals and Other Compensation

Transom or its related persons engage third party placement agents (e.g., solicitors) to introduce prospective Limited Partners to the Funds. Transom will seek to comply with Rule 206(4)-3 under the Advisers Act (the "cash solicitation rule") to the extent the cash solicitation rule is applicable to the use of placement agents by pooled investment vehicles such as the Funds.

Item 15: Custody

Transom has access to client accounts (i.e., the Funds and Co-Investment Funds) because affiliates

serve as the General Partners of the Funds. Limited Partners will not receive statements from any custodian. Instead, the Funds and Co-Investment Funds are subject to an annual audit by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and the audited financial statements are distributed to each Limited Partner. The audited financial statements will be prepared in accordance with generally accepted accounting principles and distributed within 120 days of the Funds' fiscal year end.

Item 16: Investment Discretion

In addition to the General Partners, Transom also has investment discretion over the Funds' assets, in accordance with the Governing Fund Documents. As noted above, the Funds' General Partners are affiliates of Transom. The Governing Fund Documents generally set forth certain limitations with respect to the management of the Funds and the activities of Transom. Limited Partners may enter into Side Letters with Transom, as described in the Types of Clients section. These agreements may have the effect of limiting certain of Transom's activities.

Item 17: Voting Client Securities

Transom invests the Funds' assets generally in privately-issued securities of small and middle market companies. Voting is generally not applicable for these types of investments. However, Transom may periodically exercise voting authority with respect to securities held by the Funds. In those instances, Transom will vote in the best interest of the Funds and in accordance with its fiduciary duty to the Funds. If there is an actual or potential material conflict of interest in connection with a prospective vote, such conflict will be resolved in accordance with the Governing Fund Documents and Transom's policies and procedures. Transom will not neglect its voting responsibilities, but Transom may abstain from voting in any instance if it deems that such abstention is in the Funds' best interests. Transom will determine on a case-by-case basis whether the Funds will participate in class actions. Limited Partners cannot direct Transom's proxy votes. However, they can obtain information on how Transom voted by contacting the CCO. They can also obtain a copy of Transom's proxy voting and class action policies and procedures by contacting the CCO.

Item 18: Financial Information

Transom is not required to provide an audited balance sheet for the Advisor because it does not require payment of management fees more than six months in advance and does not have a financial condition that is likely to impair its ability to meet contractual commitments to the Funds or Limited Partners. Transom has not been subject to any bankruptcy proceeding during the past 10 years.