

Council Capital Funds Management, LLC  
Part 2A of Form ADV  
The Brochure

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This brochure provides information about the qualifications and business practices of Council Capital Funds Management, LLC (“**CCFM**” or the “**Company**”). If you have any questions about the contents of this brochure, please contact us at 615-255-3707. 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 CCFM is also available on the SEC’s website at:  
[www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Item 2: Material Changes**

There have been no material changes to CCFM's brochure since our last annual update filed on March 30, 2020.

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#### Item 4: Advisory Business

CCFM is an investment adviser focused on managing private equity funds. CCFM is the investment adviser to Council Capital III, L.P. (the “**CCIII Fund**”), Council Capital III (NQP), L.P. (the “**CCIII NQP Fund**”), Council Capital IV, L.P. (the “**CCIV Fund**”), and Council Capital IV (NQP), L.P. (the “**CCIV NQP Fund**”) (each a “**Fund**”, and collectively, the “**Funds**”) and the co-investment vehicle, Council Capital Caregiver II, LLC (“**Council Caregiver**”) (a “**co-invest vehicle**”). CCFM affiliates serve as the general partner to the Funds. Council Capital GP III, LLC (“**CC GP III**”) serves as the general partner to CCIII Fund and CCIII NQP Fund (the “**General Partner**”) and as the Manager to Council Caregiver. Council Capital GP IV, LLC (“**CC GP IV**”) serves as the general partner to CCIV Fund and CCIV NQP Fund.

CCFM provides investment supervisory services to the Funds, which Funds are exempt from registration under the Investment Company Act of 1940, as amended (the “**Investment Company Act**”) and whose securities are not registered under the Securities Act of 1933, as amended (the “**Securities Act**”).

The primary purpose of the Funds is to seek to generate returns for their respective partners, principally through long term capital appreciation, by making, holding and disposing of primarily privately negotiated control equity and equity-related and occasional minority investments in lower middle market healthcare companies in the United States. Council Caregiver was formed for the purpose of facilitating a co-investment alongside the Funds in a single portfolio company and its subsidiaries.

Although the General Partner has management authority over the business and affairs of the Funds, including with respect to investment decisions, the Company has been delegated the role of investment adviser and its advice with respect to the Funds is tailored according to the investment objectives, guidelines, and requirements as set forth in each Fund’s respective offering memoranda and governing agreement.

CCFM provides investment supervisory services to each Fund in accordance with the limited partnership agreement (or analogous organizational document) of such Fund or separate investment and advisory, investment management or portfolio management agreements (each, an “**Advisory Agreement**”).

CCFM is a Tennessee limited liability company that was formed and began operating in 2014. CCFM is wholly owned by Grant Jackson, Managing General Partner. CCFM manages the Funds and has support from certain unaffiliated current and former senior business executives, who advise CCFM on investment sectors and themes and who at CCFM’s discretion serve as a resource at individual portfolio companies held by the Funds (the “**CEO Council Members**”).

As of December 31, 2020, the Company advised approximately \$371.4 million of regulatory assets under management, including approximately \$371.0 million of regulatory assets under management on a discretionary basis for the Funds and approximately \$400 thousand of co-invested capital invested alongside the Funds.

## Item 5: Fees and Compensation

The fees and expenses applicable to the Funds are set forth in detail in each of the Funds' respective offering documents (e.g., private placement memorandum, limited partnership agreement, limited liability company agreement, and subscription agreement, collectively, with respect to any Fund, the "**Fund Documents**"). A brief summary of fees and expenses is provided below.

### Management Fees

CCFM (through the CCFM affiliates) is entitled to receive management fees ("**Management Fees**") for the investment management and advisory services provided to the Funds. Management Fees are typically calculated based on committed capital, with respect to each Fund, at rates between 1.5% and 2.5%. Management Fees may be reduced during the life of a Fund. Management Fees paid by a Fund may also be reduced by other fees or compensation received by CCFM or its affiliates that relate to such Fund's activities and investments, or by certain organizational or other expenses borne by such Fund, as described in more detail below. Management Fees paid by a Fund are indirectly borne by investors in such Fund. Council Caregiver does not pay a management fee; however, CCFM affiliates have accrued payments in respect of a management services agreement with Council Caregiver that will be offset against future Management Fees of the Funds, as described in "Other Fees" below.

Management Fees are paid quarterly in advance (per the dates set forth in the relevant Fund Documents).

The precise amount of, and the manner and calculation of, the Management Fees for each Fund are established by CCFM and are set forth in such Fund's Advisory Agreement and/or the Fund Documents received by each investor prior to investment in such Fund. Fees may differ from one Fund to another.

CCFM may cause all or any portion of any payment of the Management Fee paid by any Fund to be deferred or waived from time to time in its sole discretion.

### Other Fees

Transaction fees, monitoring 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 CCFM or one or more of its affiliates ("**Other Fees**") will reduce the Management Fee by an amount specified in the relevant Fund Documents. In general, the offset is 100% net of taxes.

CCFM may retain persons ("**Shared Portfolio Executives**"), either as independent contractors or as employees, for the purpose of providing services to portfolio companies of any Fund comparable to services otherwise provided by a chief financial officer, chief operating officer, or other executive. Any such Shared Portfolio Executives shall be compensated by the applicable Fund with respect to which they have been engaged, to the extent their compensation is not otherwise paid by portfolio companies. In addition, one or more CEO Council Members may serve as board members for portfolio companies and/or may be involved operationally and, if serving in

such capacity, may in unusual circumstances be compensated by the Funds to the extent their compensation is not otherwise paid by portfolio companies. These amounts are not included in Other Fees defined above.

### Carried Interest Allocations

In addition to Management Fees, in general CCFM affiliates are also entitled to receive a carried interest or incentive allocation from each Fund of up to 20% of the cumulative net profits of such Fund after full return of capital. A CCFM affiliate'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. CCFM may waive carried interest in its sole discretion.

### Expenses

#### *Fund Expenses*

Expenses attributable to each Fund are described in the respective Fund's Fund Documents. Fund expenses may include, but are not limited to, the following:

- organizational expenses of such Fund;
- liquidation expenses of such Fund;
- filing fees of such Fund under all U.S. federal, state, county, municipal and non-U.S. laws, statutes, and ordinances, and the rules and regulations thereunder;
- commissions or brokerage fees or similar charges incurred in connection with the purchase or sale of securities (including any merger fees payable to third parties and whether or not any such purchase or sale is consummated);
- fees (if any) and expenses of members of the investment advisory committee, and/or advisory board of such Fund (including travel-related costs and expenses);
- meeting, travel and other operating expenses of the CEO Council Members and any Shared Portfolio Executive;
- the costs and expenses (including travel-related expenses) of hosting annual or special meetings for the investors of such Fund, or otherwise holding meetings or conferences with investors of such Fund, whether individually or in a group;
- interest expense for borrowed money (if any) and all expenses incurred in connection with the securing of financing, including without limitation expenses related to the negotiation and documentation of agreements with one or more lenders and interest and other costs, fees, charges, and assessments respecting funds borrowed by such Fund;
- all expenses relating to litigation and threatened litigation involving such Fund;
- fees and expenses attributable to normal and extraordinary investment banking, commercial banking, brokerage, accounting, appraisal, legal, custodial, disbursing agent and registration services provided to such Fund;

- expenses attributable to outsourced bookkeeping or administrative services, any expenses attributable to technical and marketing consulting services related to any portfolio company investment of such Fund;
- out-of-pocket travel expenses incurred by the General Partner of the Funds in investigating, evaluating or monitoring investments or investment opportunities; broken-deal expenses;
- legal and financial due diligence expenses including in each case services with respect to the proposed purchase or sale of securities by such Fund that are not reimbursed by the issuer of such securities (whether or not any such purchase or sale is consummated);
- reasonable premiums for liability insurance to protect such Fund, the General Partner, the partners or members of the General Partner, the members of the Fund's advisory board and any of their respective partners, members, stockholders, officers, directors, employees, agents or affiliates in connection with the activities of such Fund;
- all legal, accounting, filing and other fees and expenses of any kind paid or incurred in connection with such Fund's compliance with any U.S. federal or state, or non-U.S., regulatory requirements;
- all fees, costs and expenses of databases, software and related licenses and subscriptions in connection with the activities of such Fund;
- all fees, costs and expenses of cybersecurity audits;
- all expenses incurred in connection with restructuring or amendments to the constituent documents of such Fund and its related entities; and
- all expenses incurred in connection with the formation of special purpose investment vehicles.

Please refer to Item 14 "Client Referrals and Other Compensation" below for additional expenses that may be borne by the Funds, and additional compensation that may be received by CCFM, the General Partner, CEO Council Members, and the Shared Portfolio Executives. CCFM negotiates fees during the process of raising a new fund.

#### *Adviser Expenses*

To the extent provided in the Advisory Agreements and the Fund Documents of the Funds, CCFM will pay out of Management Fees all expenses and costs incurred by CCFM in connection with providing services to the Funds, compensation of its investment professionals, rent, utilities, office expenses and Fund organizational expenses and CCFM startup expenses not borne by the Fund.

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

As disclosed above and in each Fund's Fund Documents, each Fund may pay a carried interest of up to 20% of the cumulative net profits generated from the sale or disposition of Fund assets, after the return of capital, to an affiliate of CCFM. The carried interest may create an incentive for CCFM and/or the General Partner 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 such CCFM affiliates. The Company has

adopted and implemented written compliance policies and procedures that are designed to address this and other conflicts of interest, as discussed below in Item 11, “Code of Ethics, Participation or Interest in Client Transactions and Personal Trading”. Further, CCFM believes that the above conflict of interest is substantially mitigated since the interests of CCFM and the General Partners are aligned with investors in the Funds (*i.e.*, the General Partner and one or more of its affiliates are investors in the Funds and invest *pari passu* in all Fund investments with the investors). Carried interest is generally subject to clawback provisions and such other more detailed provisions set forth in the Fund Documents.

**It is critical that investors refer to the relevant Fund Documents for a complete understanding of the calculation of the Funds’ performance-based fees and related expenses. The information contained in this Item 6 is a summary only and is qualified in its entirety by the relevant Fund Documents.**

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

CCFM provides investment management and advisory services, as described above in Item 4, “Advisory Business”, to the Funds. Investment advice is not provided individually to the limited partners of the Funds. Investment in the Funds is generally only available to institutional investors and certain high net worth investors that are “accredited investors”, “qualified clients” and “qualified purchasers”, within the meaning of the Securities Act, the Advisers Act and the Investment Company Act, respectively. Investments may be accepted from certain investors who are not “qualified purchasers”, but who are “accredited investors” and “qualified clients”, in the discretion of CCFM or the General Partner. If an investment is accepted from any investor who is not a “qualified client”, such investor will not be required to pay any performance fees in connection with its investment.

Investors in the Funds are generally required to make a capital commitment or investment of no less than a required minimum amount as set forth in each of the Funds respective governing documents. At its discretion, CCFM or the General Partner may waive or lower the minimum capital commitment amount.

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

As disclosed above, the primary purpose of the Funds is to seek to generate returns for their respective partners, principally through long term capital appreciation, by making, holding and disposing of primarily privately negotiated control equity and equity-related and occasional minority investments in the lower middle market healthcare companies in the United States. Council Caregiver was formed for the purpose of facilitating a co-investment alongside the Funds a single portfolio company and its subsidiaries.

The Funds invest in lower middle market healthcare companies that CCFM believes will benefit from CCFM’s differentiated resources (the “**Council Model**”). Target companies will typically have an enterprise value ranging from \$5 million to \$50 million, revenue of \$5 million to \$50 million, and less than \$5 million of EBITDA. CCFM is primarily focused on targeted, thesis-driven investing in proven companies on the “Right Side of Change” – that are positioned to benefit



from the increasing cost pressure, quality demands, and shift from volume of service to value of service – in the healthcare market.

CCFM's target industry niches are usually rapidly growing and in the early stages of development or consolidation. As a result, CCFM most often targets smaller "work in process" companies that are well-positioned but lack scale, infrastructure, and various management components. In CCFM's view, these work in process companies generally have highly effective clinical models and the right business model components in place, but often lack the management talent, operational capabilities and industry relationships to scale.

CCFM developed and leverages the "Council Model" to execute its investment strategy. The Council Model is a set of three strategic resource components: 1) the CEO Council Members, 2) Strategic Investors, and 3) Shared Portfolio Executives.

1. *The CEO Council.* CCFM has cultivated and continuously refreshed a group of successful, unaffiliated executives that may be selectively consulted at one or more stages of CCFM's investment process, including identifying target niche markets, helping to "sell" management teams on benefits and access available by partnering with CCFM, conducting due diligence on potential opportunities, serving on (and often chairing) portfolio company boards, and providing other guidance and connections to assist in the execution of value creation opportunities. Each CEO Council Member invests significantly (typically \$1 million or more per fund) in each Fund. As further discussed in Item 11, CEO Council Members are not employees of CCFM.
2. *Strategic Investors.* The strategic investors were formalized at the outset of CCIII, include healthcare-related investors who invest in the Funds, and provide strategic input, guidance, and connections throughout the investment process.
3. *Shared Portfolio Executives.* During the deployment of CCIII, CCFM began developing a roster of executives who provide or bolster resources in critical areas at portfolio companies – from due diligence to 100-day planning to value creation post-closing.

CCIII has an investment committee (the "**Investment Committee**"), which makes all investment decisions for the CCIII Funds. All investment opportunities for the CCIII Funds are evaluated by the Investment Committee and require the approval of the Investment Committee. The Investment Committee is composed of Grant Jackson, Eric Keen, Denny Bottorff and Katie Gambill and four CEO Council Members. Grant Jackson serves as the Chairman of the Investment Committee and in such capacity is granted tie breaking authority.

CCIV has an investment advisory committee (the "**Investment Advisory Committee**"), which shall provide general advice and counsel to the General Partner with respect to market conditions, investment opportunities, and trends, and such other matters as may be suggested by the General Partner. The General Partner shall provide information to the members of the Investment Advisory Committee concerning investment opportunities in order to solicit feedback and advice from the Investment Advisory Committee. Grant Jackson shall serve as the Chairman of the Investment Advisory Committee.

## Risks

All investing involves a risk of loss that the Funds and their investors should be prepared to bear. CCFM cannot give any guarantee that it will achieve a Fund's investment objectives or that the Funds will receive a return on their investments. The past performance of investment strategies such as those implemented by Council is not indicative of their future results. Investors should ultimately refer to their Fund's respective private placement memorandum or other offering documents for detailed risk disclosures that specifically address risks of each Fund's investment strategies, methods of analysis, and/or particular types of investments recommended. The strategies, methods of analysis and material risks applicable to an investment in Council Caregiver is unique and pertains to the acquisition, growth, and sale of a single portfolio company. Below is a summary of potential material risks relating to the investment strategy and the methods of analysis typically used by, and/or the particular types of investments typically recommended for, the Funds.

**The following risks do not purport to be a complete explanation of all the risks involved in acquiring an interest in the Funds. Potential investors are urged to read the entire private placement memorandum and other Fund Documents before making a determination whether to invest in any private investment fund sponsored by CCFM or its affiliates.**

- *Risks Associated with Portfolio Investments.* Identifying and participating in attractive investment opportunities and assisting in the building of successful young enterprises is difficult. There is no assurance that the Funds' investments will be profitable and there is a risk that the Funds' losses and expenses will exceed its income and gains. Any return on investment to the Funds' investors will depend upon successful investments made on behalf of the Funds by the General Partner. There generally will be little or no publicly available information regarding the status and prospects of portfolio companies. Many investment decisions by the General Partner will be dependent upon the ability of their respective members and agents to obtain relevant information from non-public sources, and the General Partner may be required to make decisions without complete information. The marketability and value of each investment will depend upon many factors beyond the General Partner's control. Typically, although a member of the General Partner may serve on a portfolio company's board of directors, each portfolio company will be managed by its own officers (who generally will not be affiliated with the Funds or the General Partner). Portfolio companies may have substantial variations in operating results from period to period, face intense competition, and experience failures or substantial declines in value at any stage. Portfolio companies may need substantial additional capital to support growth or to achieve or maintain a competitive position. Such capital may not be available on attractive terms. In addition, the receptiveness of potential acquirers to the Funds' portfolio companies will vary over time and, even if a portfolio company investment is disposed of via a merger, consolidation or similar transaction, a Fund's securities or other interests in the surviving entity may not be marketable. There can be no guarantee that any portfolio company investment will result in a liquidity event via public offering, merger, acquisition or otherwise. Generally, the investments made by the Funds will be illiquid and difficult to value, and there will be little or no collateral to protect an investment once made. At the

time of a Fund's investment, a portfolio company may lack one or more key attributes (e.g., complete management team, or strategic alliances) necessary for success. In most cases, investments will be long term in nature and may require many years from the date of initial investment before disposition.

- *Risks Associated with Lower Middle-Market Companies.* Investments in lower middle-market companies such as those that the Funds have invested, or intend to invest, in, while often presenting greater opportunities for growth, may also entail larger risks than are customarily associated with investments in large companies. Medium-sized companies may have more limited product lines, markets, and financial resources, and may be dependent on a smaller management group. As a result, such companies may be more vulnerable to general economic trends and to specific changes in markets and technology. In addition, future growth may be dependent on additional financing, which may not be available on acceptable terms when required. Further, there is ordinarily a more limited marketplace for the sale of interests in smaller, private companies, which may make realizations of gains more difficult, by requiring sales to other private investors. In addition, the relative illiquidity of private equity investments generally, and the somewhat greater illiquidity of private investments in small- and medium-sized companies, could make it difficult for the Funds to react quickly to negative economic or political developments.
- *Risks Associated with the Healthcare Industry.* The Funds' assets will be invested primarily in emerging companies focused upon the highly competitive and rapidly changing healthcare industry. This industry is dominated by large multi-national corporations with substantially greater financing and technical resources than generally will be available to the Funds' portfolio companies. Such large corporations may be better able to adapt to the challenges presented by continuing rapid and major scientific, regulatory and technological changes. Some of the Funds' portfolio companies may be at least partially dependent for their success upon governmental and third party reimbursement policies that are under constant review and are subject to change at any time. Any such change could adversely affect the viability of one or more portfolio companies.
- *Illiquidity of the Funds' Portfolio Investments.* It is anticipated that all or a substantial portion of the Funds' investments will consist of securities that are subject to restrictions on sale by the Funds because they were acquired from the issuer in "private placement" transactions or because a Fund is deemed to be an affiliate of the issuer. Generally, the Funds will not be able to sell these securities publicly without the expense and time required to register the securities under the Securities Act, or will be able to sell the securities only under Rule 144 or other rules under the Securities Act which permit only limited sales under specified conditions. In addition, practical limitations may inhibit a Fund's ability to liquidate certain of its investments in the portfolio companies since the issuer will be privately held and a Fund may own a relatively large percentage of the issuer's equity securities. Sales may also be limited by market conditions, which may be unfavorable for sales of securities of particular issuers or issuers in particular industries. The above limitations on liquidity of the Funds' investments could prevent a successful sale thereof, result in delay of any sale, or reduce the amount of proceeds that might otherwise be realized.

- *Limited Transferability of Interests; Withdrawals.* The Fund Documents and applicable securities laws will impose substantial restrictions upon the transferability of interests in the Funds. The partnership interests in the Funds have not been, and are not expected to be, registered under the Securities Act and/or any state securities laws, and therefore cannot be sold unless they are subsequently registered under the Securities Act and other applicable securities laws, or an exemption from such registration is available. The Funds do not contemplate registering their partnership interests under the Securities Act and/or other applicable securities laws. There is no public or other market for the Funds' interests and it is not expected that such a market will develop. Withdrawal of investors from the Funds generally will not be permitted, although the Fund Documents may specify certain circumstances under which an investor may be entitled, or required, to withdraw from a Fund. A withdrawn investor may not be entitled to immediate payment for its interest in the applicable Fund. Any withdrawal of an investor may reduce the amount of Fund capital available for investment or other activities. Therefore, an investment in the Fund should be considered illiquid.
- *Reliance on Individual Members of the General Partner.* The Funds will be particularly dependent upon the efforts, experience, contacts and skills of the individual members of the General Partner. The loss of any such individual could have a material, adverse effect on the Funds, and such loss could occur at any time due to death, disability, resignation or other reasons. Additional members may be admitted to the General Partner following the applicable Fund's initial closing, and the investors in such Fund will have no power to prevent any specific person from being admitted to the General Partner as a member thereof. Within the General Partner, the economic, voting and other rights of the individual members of the General Partner will be determined by agreement among such members and will be subject to change, without notice to the investors, from time to time. The investors will not be permitted to evaluate investment opportunities or relevant business, economic, financial or other information that will be used by the General Partner in making decisions. Except as specifically provided in the Fund Documents, the General Partner will have the exclusive right and power to manage the Funds' business and affairs.
- *Co-Investment Opportunities.* The General Partner may, in its discretion but subject to the general intention to provide those CEO Council Members who are involved with a portfolio investment a priority right to participate therein, provide co-investment opportunities to certain investors and to certain third-parties (on terms determined by the General Partner) and, to the extent such co-investment opportunities are offered, it may present inherent conflicts of interest between the interests of the Funds and the co-investors. These types of co-investments also may result in conflicts regarding decisions relating to such a portfolio company, including with respect to timing or strategic objectives. It is expected that any such potential co-investors will not bear any portion of "broken deal" or other expenses incurred by the Funds in connection with or related to a proposed co-investment that does not close. If a co-investment does close, the portion of unreimbursed transaction expenses incurred by the Fund in connection with such investment, unreimbursed expenses incurred by the Funds in connection with the ongoing monitoring of its investment in the applicable company and any other unreimbursed expenses incurred by the Funds with

respect to such investment that are payable by the co-investor (if any) will be determined on a case-by-case basis. The Funds will have no obligation to cause such co-investors to bear any of such expenses at all or to bear any particular portion of such expenses (and will have no obligation to pro rate or otherwise reduce the amount paid by the Funds in respect to any such expenses to take into account the co investment).

- *Concentration of Investments.* The Funds' portfolios are expected to be concentrated in a limited number of companies and all in the healthcare sector, increasing the vulnerability of such portfolios compared with a portfolio that is more diversified. The Funds expect to acquire control or near-control interests in portfolio companies, which could further increase the vulnerability of the portfolio.
- *Service on Boards of Directors.* Individual members of the General Partner may serve as members of portfolio company boards of directors. In their capacity as board members, such individuals may become subject to fiduciary or other duties that require such board members to take into consideration the interests of other equity holders (and potentially creditors) of a portfolio company, which interests could interfere with the interests of the Fund. Nevertheless, the Fund's Partnership Agreement will not preclude members of the General Partner from serving on portfolio company boards of directors.
- *Leveraged Nature of Investments.* While the General Partner intends to utilize conservative capital structures, investments in leveraged companies offer the opportunity for capital appreciation and such investments also involve an increased amount of risk. The Funds' portfolio companies may involve 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. Also, increased interest rates generally increase portfolio company interest expenses. In the event any such 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. In addition, the tightening of credit terms available to private equity portfolio companies (such as more restrictive financial covenants and higher interest rates) and/or decreased liquidity in debt markets recently, could have an adverse impact on the Funds' portfolio companies and, consequently, on the returns to be achieved by the Funds.
- *Adverse Consequences of Ownership of Controlling Interests in Portfolio Companies.* It is expected that the Funds may hold control or near-control positions in portfolio companies which, depending upon the amount of equity owned by a Fund, contractual arrangements between the company and such Fund, and other relevant factual circumstances could result in an extension to one year of the 90-day bankruptcy preference period with respect to payments made to such Fund. In addition, because of its equity ownership, representation on the board of directors and/or contractual rights, a Fund may often be thought to control, participate in the management of or influence the conduct of its portfolio companies. This could expose the assets of the Funds to claims by a portfolio company, its other security holders, its creditors or governmental agencies.

- *Cybersecurity Risk.* External cybersecurity breaches, including unauthorized access to systems, networks or devices (such as through “hacking” activity); infection from computer viruses or other malicious software code; and attacks that shut down, disable, slow or otherwise disrupt operations, business processes or website access or functionality, may occur. In addition, internal incidents can occur, such as the inadvertent release of confidential information (possibly resulting in the violation of applicable privacy laws). A cybersecurity breach could result in the loss or theft of customer data or funds, the inability to access electronic systems (“denial of services”), 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, the General Partner, CCFM or other service providers to incur regulatory penalties, reputational damage, additional compliance costs or financial loss. In addition, such incidents could affect the Funds’ portfolio companies, and thereby adversely affect the Funds’ returns.
- *Public Health Risk.* Certain countries have been susceptible to epidemics, such as severe acute respiratory syndrome, avian flu, H1N1/09 flu and COVID-19. The outbreak of an infectious disease or any other serious public health concern, together with any resulting restrictions on travel or quarantines imposed, could have a negative impact on the economy, and business activity in any of the countries in which CCFM may invest and/or operate. Such disruption could thereby adversely affect the ability of CCFM to provide investment management services and the performance of the CCFM’s Investments.

**It is critical that investors refer to the relevant Fund Documents for a complete understanding of CCFM’s investment strategies and methods of analysis. The information contained herein is a summary only and is qualified in its entirety by such documents.**

#### **Item 9: Disciplinary Information**

CCFM 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**

As described above, CC GP III and CC GP IV serve as general partners to the Funds. The General Partner is not registered as an investment adviser with the SEC. While General Partners is not registered as an investment adviser, all of its investment advisory activities are subject to the Advisers Act and the rules thereunder. In addition, employees and persons acting on behalf of the General Partner are subject to the supervision and control of CCFM. Thus, the General Partner, its employees, and the persons acting on their behalf would be “persons associated with” CCFM so that the SEC could enforce the requirements of the Advisers Act on the General Partner.

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

### Participation in Client Transactions

CCFM, its employees or a related entity (collectively “**Related Persons**”), will generally have an investment in the Funds managed by CCFM. As a result, Related Persons have an interest in the Funds’ investments. CEO Council Members have also invested in the Funds. Please refer to Item 14 “Client Referrals and Other Compensation” for additional disclosures with respect to the CEO Council Members.

### Conflicts of Interest

CCFM and its related entities engage in a broad range of advisory and non-advisory activities, including investment activities for their own accounts and for the accounts of other CCFM funds that are or may be sponsored by CCFM or one of its affiliates (each, an “**Other Fund**” and, together, the “**Other Funds**”), and providing transaction-related, investment advisory, legal, management and other services to the Funds and their portfolio companies. In the ordinary course of CCFM conducting its activities, the interests of a Fund may conflict with the interests of CCFM, one or more other Other Funds, portfolio companies or their respective affiliates. Certain of these conflicts of interest are discussed herein. As a general matter, CCFM will determine all matters relating to structuring transactions and Fund operations using its best judgment considering all factors it deems relevant, but in its sole discretion, subject in certain cases to the required approvals by the advisory boards of the participating the Funds and/or any relevant Other Fund.

As set forth in the Fund Documents, the General Partner and its members will be permitted to manage Other Funds and similar vehicles during a Fund’s term, any of which may compete with such Fund for management time and attention, or otherwise. The Fund Documents contain certain protections for investors against conflicts of interest faced by the General Partner and its members, but will not purport to address all types of conflicts that may arise.

During the investment periods of the Funds, all appropriate investment opportunities will be pursued by CCFM’s officers and managers through the Funds, subject to certain limited exceptions. An officer or manager of CCFM may enter into investments for his own account that might reasonably be viewed as an investment opportunity of the Funds, but in which the Funds have determined not to participate (with some limited exceptions contained in the Fund Documents). Such persons need not secure the approval of the Funds’ advisory board with respect to investments that CCFM or the General Partner determines would be consistent with Funds’ investment strategy and objectives (due to type, size, maturity or other factors). Any such investment is subject to preclearance under the Code (as further described in Item 11).

CCFM’s allocation of investment opportunities among the persons and in the manner discussed herein may not, and often will not, result in proportional allocations among such persons, and such allocations may be more or less advantageous to some such persons relative to others. While CCFM will allocate investment opportunities in a manner that it believes in good faith is fair and equitable to its clients under the circumstances over time and considering relevant factors, there can be no assurance that the Funds’ actual allocation of an investment opportunity, if any, or the terms on which that allocation is made, will be as favorable as they would be if the conflicts of

interest to which CCFM may be subject, discussed herein, did not exist. Conflicts may arise when a Fund makes one or more investments in conjunction with an investment being made by an Other Fund, or if it were to invest in the securities of a company in which an Other Fund has already made an investment. A Fund may not, for example, be able to invest through the same investment vehicles, have the same access to credit or employ the same hedging or investment strategies as Other Funds. This may result in differences in price, terms, leverage and associated costs. Further, there can be no assurance that the relevant Fund and the Other Fund(s) or co-invest vehicle(s) with which it co-invests will exit such investment at the same time or on the same terms. CCFM and its affiliates may express inconsistent views of commonly held investments or of market conditions more generally. There can be no assurance that the returns on the Funds' investments will be the same as the returns obtained by Other Funds participating in a given transaction. Given the nature of the relevant conflicts there can be no assurance that any such conflict can be resolved in a manner that is beneficial to all funds advised by CCFM. In that regard, actions may be taken for one or more such CCFM-advised funds (including the Funds) that adversely affect other such funds.

Subject to any relevant restrictions or other limitations contained in the Fund Documents, CCFM will allocate fees and expenses in a manner that it believes in good faith is fair and equitable to its clients under the circumstances and considering such factors as it deems relevant, but in its sole discretion. In exercising such discretion, CCFM may be faced with a variety of potential conflicts of interest.

As a general matter, ongoing expenses typically will be allocated among the Funds, all relevant Other Funds or co-invest vehicles eligible to reimburse expenses of that kind. In all such cases, subject to applicable legal, contractual or similar restrictions, expense allocation decisions will generally be made by CCFM or its affiliates using their best judgment, considering such factors as they deem relevant, but in their sole discretion. The allocations of such expenses may not be proportional. The Funds and any Other Funds have different expense reimbursement terms, including with respect to Management Fee offsets, which may result in the Funds and/or one or more Other Funds bearing different levels of expenses with respect to the same investment.

As a result of the Funds' controlling interests in portfolio companies, CCFM typically has the right to appoint portfolio company board members, or to influence their appointment. From time to time, portfolio company board members approve amounts reimbursable to CCFM. Such amounts will be in addition to any Management Fees or carried interest paid by the Funds to CCFM and/or its affiliates.

Additionally, a portfolio company typically will reimburse CCFM or service providers retained at CCFM's discretion for expenses (including without limitation travel expenses) incurred by CCFM or such service providers in connection with their performance of services for such portfolio company. This subjects CCFM and its affiliates to conflicts of interest because the Funds generally do not have an interest or share in these reimbursements, and the amount of such reimbursements may be substantial. CCFM determines the amount of these reimbursements for such services in its own discretion, subject to its internal reimbursement policies and practices. Although the amount of individual reimbursements typically is not disclosed to investors in the Funds, their effect is reflected in each Fund's audited financial statements, and any fee paid or expense reimbursed to CCFM or such service providers generally is subject to: (i) agreements with sellers, buyers and management teams; (ii) the review and supervision of the board of directors of or lenders to portfolio companies; and/or (iii) third party co-investors in its transactions. These factors help to



mitigate related conflicts of interest.

CCFM generally exercises its discretion to recommend to a Fund or to a portfolio company thereof that it contract for services with (i) CCFM or a related person of CCFM (which may include a portfolio company of such Fund), (ii) an entity with which CCFM or its affiliates or current or former members of their personnel has a relationship or from which CCFM or its affiliates or their personnel otherwise derives financial or other benefit or (iii) certain investors or their affiliates, including the strategic investors discussed in Item 8 above. For example, (a) LBMC, which provides certain tax, accounting and related services to CCFM and the Funds, may also provide services to one or more portfolio companies, (b) a banking entity that is an investor in a Fund has also acted as a lender to two portfolio companies of the Funds, (c) a Tennessee health insurance provider that is an investor in a Fund also provide health insurance coverage to employees of CCFM, and (d) CCFM may be presented with opportunities to receive financing and/or other services in connection with a Fund's investments from certain limited partners or their affiliates that are engaged in lending or related business. This subjects CCFM to conflicts of interest because, although CCFM selects service providers that it believes are aligned with its operational strategies and will enhance portfolio company performance and, relatedly, returns of the relevant Fund, CCFM may have an incentive to recommend the related or other person because of its financial or other business interest. There is a possibility that CCFM, because of such belief or for other reasons (including whether the use of such persons could establish, recognize, strengthen and/or cultivate relationships that have the potential to provide longer-term benefits to the Funds or CCFM), may favor such retention or continuation even if a better price and/or quality of service could be obtained from another person. Whether or not CCFM has a relationship or receives financial or other benefit from recommending a particular service provider, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

CCFM may also, from time to time, employ personnel with pre-existing ownership interests in portfolio companies owned by the Funds or other investment vehicles advised by CCFM and/or its affiliates; conversely, former personnel or executives of CCFM and/or its affiliates may serve in significant management roles at portfolio companies or services providers recommended by CCFM. Similarly, CCFM, its affiliates and/or personnel maintain relationships with (or may invest in) financial institutions, service providers and other market participants, including managers of private funds, banks and brokers. Certain of these persons or entities may invest (or may be affiliated with an investor) in, engage in transactions with and/or provide services (including services at reduced rates) to, CCFM and/or its affiliates, and/or the Funds or other investment vehicles they advise. CCFM may have a conflict of interest with a Fund in recommending the retention or continuation of a third party service provider to such Fund or a portfolio company if such recommendation, for example, is motivated by a belief that the service provider or its affiliate(s) will continue to invest in the Funds and/or an Other Fund, will provide CCFM information about markets and industries in which CCFM operates (or is contemplating operations) or will provide other services that are beneficial to CCFM. CCFM may have a conflict of interest in making such recommendations, in that CCFM has an incentive to maintain goodwill between it and the existing and prospective portfolio companies for a Fund, while the products or services recommended may not necessarily be the best available to the portfolio companies held by a Fund.

CCFM, its affiliates, and equity holders, officers, principals and employees of CCFM and its affiliates may buy or sell securities or other instruments that CCFM has recommended to the Funds, subject to certain limitations contained in the Fund Documents. In addition, officers, principals and employees may buy securities in transactions offered to but rejected by the Funds. Such transactions are subject to the policies and procedures set forth in the Code. The investment policies, fee arrangements and other circumstances of these investments generally vary from those of the Funds. Employees and related persons of CCFM have, and are expected to continue to have, capital investments in or alongside the Funds, or in prospective portfolio companies directly or indirectly, and therefore may have additional conflicting interests in connection with these investments.

Because certain expenses are paid for by a Fund and/or its portfolio companies or, if incurred by CCFM, are reimbursed by a Fund and/or its portfolio companies, CCFM may not necessarily seek out the lowest cost options when incurring (or causing a Fund or its portfolio companies to incur) such expenses. The carried interest allocation of CCFM's affiliate is based on a percentage of net realized profits, it may create an incentive for CCFM to cause a Fund to make riskier or more speculative investments than would otherwise be the case. Also, because there is a fixed investment period after which capital from investors in the Funds may only be drawn down in limited circumstances and because Management Fees are, at certain times during the life of a Fund, reduced over time, this fee structure may create an incentive to deploy capital when CCFM may not otherwise have done so.

CCFM or the General Partner has entered, and may in the future enter, into side letters or similar agreements with certain investors in the Funds providing such investors with different or preferential rights or terms, including but not limited to different fee structures, information rights, co-investment rights, and liquidity or transfer rights.

Principals and employees of CCFM may serve as directors and officers of certain portfolio companies and, in that capacity, will be required to make decisions that consider the best interests of such portfolio company and its shareholders. In certain circumstances (for example in situations involving bankruptcy or near-insolvency of a portfolio company), actions that may be in the best interests of the portfolio company may not be in the best interests of the Funds, and vice versa. Accordingly, in these situations, there may be conflicts of interests between such individual's duties as an employee of CCFM and such individual's duties as a director of such portfolio company.

CCFM has adopted and implemented written compliance policies and procedures that are designed to address these and other actual and potential conflicts of interest. CCFM further mitigates conflicts primarily through specific policies outlined in each Fund's respective Fund Documents to act in the best interests of the Funds and to disclose (potential) conflicts of interest to the Funds and their investors and/or to a Fund's advisory board.

#### Code of Ethics and Personal Trading

CCFM strives to adhere to the highest industry standards of conduct based on principles of professionalism, integrity, honesty and trust. In seeking to meet these standards, CCFM has

adopted a Code of Ethics (the “**Code**”). Employees must use reasonable care and exercise independent judgment when conducting investment analysis, making investment recommendations, making investment transactions, promoting CCFM’s services, and engaging in other professional activities. CCFM expects all employees to adhere to the highest standards with respect to any potential conflicts of interest with either the Funds or investors. As a fiduciary, CCFM must act in the Funds’ best interests.

The Code governs personal trading by CCFM employees who have access to nonpublic information regarding any Fund’s trading, who are involved in making securities recommendations to the Funds or who have access to nonpublic securities recommendations (any such employee, an “**Access Person**”), including that Access Persons disclose their personal securities holdings and transactions to CCFM on a periodic basis. CCFM’s Code requires employees to: 1) pre-clear certain personal securities transactions, 2) report personal securities transactions on at least a quarterly basis, and 3) provide CCFM with a detailed summary of certain holdings (both initially upon commencement of employment and annually thereafter) over which such employees have a direct or indirect beneficial interest. The Code also includes reporting requirements and restrictions designed to supervise the giving or receiving of gifts and entertainment, and employees’ outside business activities. The Code also requires CCFM and its employees to pre-clear certain political donations. Also, policies and procedures for reporting, investigating, and treating violations are included in the Code.

Investors may request a copy of the Code by contacting CCFM at the address or telephone number listed on the first page of this document.

CCFM also maintains insider trading policies and procedures (the “**Insider Trading Policies**”) that are designed to prevent the misuse of material, non-public information. CCFM’s personnel are required to certify to their compliance with the Code, including the Insider Trading Policies, on a periodic basis.

For clarification, CEO Council Members are not affiliated with CCFM and are not Access Persons subject to the Code. CEO Council Members:

- Are not CCFM officers or employees;
- Are not paid a salary by CCFM (subject to certain, temporary compensation arrangements that may be used for one or more CEO Council Members to the extent such person serves as a director or provides certain operational services to portfolio companies, as described in Item 4 above);
- Do not have CCFM email addresses or offices (provided that one CEO Council Member sub-leases an office from CCFM for independent use unrelated to CCFM’s business);
- Pay full Management Fee and carried interest in connection with their investment in the Funds; and
- Except for those CEO Council Members that are members of the Investment Committee or Investment Advisory Committee, are not provided with access to nonpublic information

regarding any Fund's trading or securities recommendations, and do not make securities recommendations to the Funds.

Although they are not Access Persons, CEO Council Members who are also members of the Investment Committee or Investment Advisory Committee, in light of their access to certain confidential information regarding the Funds and the Funds' actual and prospective portfolio companies, will be required to enter into agreements with CCFM regarding the use and disclosure of confidential information and also complete a conflicts of interest disclosure questionnaire.

Shared Portfolio Executives who work with portfolio companies may gain significant access to information as a result of their duties and will be subject to confidentiality and conflict of interest disclosure requirements substantially similar to those of CEO Council Members who serve on the Investment Committee or Investment Advisory Committee.

### **Item 12: Brokerage Practices**

CCFM 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 CCFM transacts in public securities, it intends to select brokers based upon the broker's ability to provide best execution for the Funds. Similarly, CCFM 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.

CCFM recognizes that the analysis of execution and implementation quality involves a number of factors, both qualitative and quantitative. In implementing transactions for the Funds, CCFM 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.

CCFM 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.

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

### **Item 13: Review of Accounts**

The Funds are monitored on a continuous basis by personnel at CCFM. The progress of all portfolio companies is monitored on an ongoing basis and is subject to the supervision and review by CCFM investment professionals. Generally, portfolio companies provide regular updates, monthly reports and quarterly board presentations to CCFM; which include high level metrics that

are key drivers to the business. Additionally, CCFM monitors and manages the performance of the underlying portfolio companies in the Funds through 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.

CCFM may provide written quarterly and annual reports to each Fund's investors. Such quarterly report aims to provide updated information on investments, and includes unaudited financial statements of the Funds. The annual report may include audited Fund financial statements. Information relating to each new investment is communicated to investors in the applicable capital call notice, and distribution notices will also contain information regarding the applicable investment(s). CCFM also holds an annual investor meeting for all Funds.

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

##### Economic Benefits from Non-Clients

As described above in Item 5, "Fees and Compensation" and in the Fund Documents, CCFM, the General Partner and their affiliates shall be permitted to receive fees, commissions and other compensation from entities other than the Funds, subject to remuneration provisions that require a reduction of the Management Fee in respect of such compensation. For example, CCFM has contractual rights to receive advisory fees from certain portfolio companies to the extent permitted in written agreement(s) with portfolio companies. CCFM, at its discretion, may waive such advisory fees. Any director, consulting, monitoring, investment banking, transaction or break-up fees or other remuneration (including, without limitation, proceeds from the disposition of any stock option received in connection with service as a director, consultant or investment banker) paid by or with respect to a portfolio company for services rendered shall be received by the General Partner or such affiliate in such person's capacity as the General Partner or as a member, officer, director, employee of or consultant to the General Partner and shall be remitted to the General Partner, and shall reduce the Management Fee otherwise payable to the General Partner subject to provisions in Fund Documents. The Shared Portfolio Executives as defined in the Fund Documents work directly with the portfolio companies. One or more CEO Council Members may serve on the board of directors for the Funds' portfolio companies and/or may be involved operationally. The Shared Portfolio Executives work in senior management roles in certain of the Funds' portfolio companies. As provided in the Fund Documents, the Shared Portfolio Executives and those CEO Council Members (if any) serving as directors of or service providers to portfolio companies may in unusual circumstances receive compensation from the portfolio companies and such compensation may not be offset against Management Fees of the Funds.

Ancillary compensation (besides Management Fees and carried interest paid by the Funds) received by CCFM, its affiliates/related persons, Shared Portfolio Executives, and/or any CEO Council Members may be viewed as creating a conflict with the interests of the Funds. CCFM believes that conflicts of interests are substantially mitigated since the interests of CCFM, the General Partner, CEO Council Members, and the Shared Portfolio Executives are aligned with investors in the Funds (*i.e.*, the General Partner is an investor in its Fund). Further, CCFM has adopted and implemented written compliance policies and procedures that are designed to address conflicts of interest. Management Fee offsets (as described above and in Fund Documents) further

mitigate the conflict of Related Persons receiving ancillary compensation. Finally, CCFM has a fiduciary duty to act in the best interests of the Funds.

CCFM does not compensate any third parties for client referrals. However, CCFM has entered into an arrangement whereby a third party introduces investors to the Company and CCFM pays this third party a monthly fee.

#### **Item 15: Custody**

CCFM has access to the Funds' assets since it or a related person serves as the investment adviser, general partner, or managers of the Funds. Investors will not receive statements from any custodians. To comply with the Advisers Act Custody Rule (*i.e.*, Rule 206(4)-2) and to provide meaningful protection to investors, the Funds are subject to an annual financial statement audit by an independent public account registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board. The audited financial statements will be prepared in accordance with generally accepted accounting principles, and distributed to investors in accordance with Rule 206(4)-2 and delivery requirements stated in the Fund Documents.

#### **Item 16: Investment Discretion**

In accordance with the execution of terms and conditions disclosed in the Fund Documents, and subject to the direction and control of the General Partner, CCFM has discretionary authority to determine the investments and the amounts to be bought or sold on behalf of the Funds, and to perform the day-to-day investment operations of the Funds. Any limitations on this authority are included in governing Fund documents, investor side letters, and/or CCFM's internal compliance policies and procedures.

#### **Item 17: Voting Client Securities**

In accordance with its fiduciary duty to clients and Rule 206(4)-6 of the Advisers Act, CCFM has adopted and implemented written policies and procedures governing the voting of client securities. All proxies that CCFM receives will be treated in accordance with these policies and procedures. A copy of CCFM's written proxy and voting policies and procedures, as well as a record of how CCFM has voted in the past, will be maintained and available for review upon request.

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, CCFM will vote its clients' proxies in the best interest of its clients and not its own.

CCFM's Chief Compliance Officer (the "CCO") has the responsibility to monitor proxy votes for any conflicts of interest, regardless of whether they are actual or perceived. All proxy vote decisions will require a mandatory conflicts of interest review by the CCO in accordance with CCFM's policies and procedures, which will include consideration of whether CCFM or any investment professional or other person recommending how to vote has an interest in how the proxy is voted that may present a conflict of interest. In addition, all CCFM investment professionals are expected to perform their tasks relating to the voting of proxies in accordance with the principles set forth above, according the first priority to the best interest of the relevant

clients of CCFM. The CCO will use his or her best judgment to address any such conflict of interest and ensure that it is resolved in accordance with his or her independent assessment of the best interests of the Funds.

The CCO will elevate a proxy-related conflict of interest to the applicable Fund's advisory board, as needed. Where the CCO deems appropriate in his or her sole discretion, unaffiliated third parties may be used to help resolve conflicts. In this regard, the CCO shall have the power to retain independent fiduciaries, consultants, or professionals to assist with proxy voting decisions and/or to delegate voting or consent powers to such fiduciaries, consultants or professionals.

Any request made by an investor for CCFM's policies and procedures as well as information related to any proxies voted by CCFM, must be promptly reported to the CCO. CCFM 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 CCFM.

#### **Item 18: Financial Information**

A balance sheet is not required to be provided as CCFM (1) does not solicit fees more than six months in advance, (2) does not have a financial condition that is likely to impair its ability to meet contractual commitments to clients or (3) has not been subject to any bankruptcy proceeding during the past 10 years.