

**FIRM BROCHURE**

**CENTEROAK ADVISER, L.P.**

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**This brochure provides information about the qualifications and business practices of CenterOak Adviser, L.P. If you have any questions about the information contained in this brochure, please contact us at (214) 301-4201. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.**

**This brochure does not constitute an offer, solicitation, or recommendation to sell or an offer to buy any securities, investment products, or investment advisory services. Such an offer may only be made to eligible persons by means of delivery of offering and governing documents that contain a description of the material terms relating to such investments, products, or services.**

**Additional information about CenterOak Adviser, L.P. also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

March 26, 2021

## Item 2: Material Changes

The date of the last annual update to our firm brochure was March 26, 2020. Material changes from that date through December 31, 2020 are summarized below:

- In **Item 4** below, we updated our regulatory assets under management as of December 31, 2020.
- In **Item 4** and **Item 10** below, we added two new funds, CenterOak Equity Fund II, L.P. and CenterOak Equity Fund II-EF, L.P., and their general partner, CenterOak GP II, Inc., which is registered as a Relying Adviser.
- In **Item 8** below, we updated the risk factor entitled “*Epidemics, Pandemics, and Public Health Issues*” and added a risk factor entitled “*Force Majeure & Catastrophic Risks.*”
- In **Item 13** below, we provided information regarding fund administration for Fund II.

The information set forth in this brochure is qualified in its entirety by applicable offering materials and governing documents. Such offering materials and governing documents will control in the event of any conflict with, or omission from, this brochure.

We encourage all clients and investors to carefully review this brochure in its entirety.

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## Item 4: Advisory Business

### FIRM DESCRIPTION AND OVERVIEW

CenterOak Adviser, L.P. (“**Adviser**” or “**Firm**”) is a Texas limited partnership that was formed in 2015. We provide investment management and other services solely to our affiliated private equity investment funds, CenterOak Equity Fund I, L.P. (“**Fund I**”), as well as CenterOak Equity Fund II, L.P. and CenterOak Equity Fund II-EF, L.P. (collectively, “**Fund II**”). Fund I and Fund II are Delaware limited partnerships that operate in the United States and are referred to in this brochure separately as a “**Fund**” and collectively as the “**Funds**.”

Our clients are the Funds, not limited partners in the Funds. Our investment advice is provided to each Fund in accordance with the investment objectives, strategies, guidelines, restrictions, and limitations described in the applicable offering or governing documents for such Fund. The information in this brochure is qualified in its entirety by the information set forth in such documents.

We are not a general or limited partner of any Fund. Rather, our general partner, CenterOak GP I, Inc. (“**GP I**”), also serves as the sole general partner of Fund I, and CenterOak GP II, Inc. (“**GP II**”) serves as the sole general partner of Fund II. GP I and GP II are Texas corporations that operate in the United States and are referred to in this brochure separately as a “**General Partner**” or “**Relying Adviser**” and collectively as the “**General Partners**” or “**Relying Advisers**.” Both General Partners rely on the Firm’s umbrella registration instead of separately registering as an investment adviser with the Securities and Exchange Commission (“**SEC**”) under the Investment Advisers Act of 1940, as amended (“**Advisers Act**”). See **Item 10** below.

Throughout this document, except as the context otherwise requires, the pronouns “**we**,” “**us**,” or “**our**” refer to the Adviser; the conjunction “**or**” means “and / or”; and the word “**include**” or its derivatives means “include without limitation.”

### PRINCIPAL OWNERS

Randall S. Fojtasek is the sole limited partner of the Adviser and the sole shareholder of each Relying Adviser.

### TYPES OF ADVISORY SERVICES

We provide investment management and other services solely to the Funds, which invest primarily in small to medium-sized middle market portfolio companies organized or domiciled in the United States. Even though investment decisions with respect to each Fund are made by its General Partner, we provide investment advisory services with respect to each Fund in accordance with its investment objectives, policies, and guidelines set forth in such Fund’s offering and governing documents.

As described in **Item 10** below, the General Partners are subject to our supervision and control with respect to any investment advisory functions provided thereby. In general, we only provide investment advice with respect to investments (either directly or indirectly) in securities of portfolio companies, securities purchased in anticipation of investments in securities of portfolio companies, cash equivalents, and temporary investments.

Without the prior approval of a majority in interest of the affected Fund’s investors, we may not cause the affected Fund to invest in certain categories of investments, including, among others, investments involving marketable securities of a portfolio company (unless such purchases are made with a view toward a negotiated transaction), investments in portfolio companies that are not organized or domiciled in the United States, and investments resulting in the direct ownership by the affected Fund of an interest in real property or mineral interests. Information about a Fund is set forth in its offering memorandum. Investment in a Fund does not create an advisory relationship between an investor in such Fund and us. See **Item 8** below.

**INVESTMENT RESTRICTIONS**

We provide investment advice to each Fund in accordance with the investment objectives, policies, and guidelines set forth in the applicable offering or governing documents for such Fund, and not in accordance with the individual needs or objectives of any particular investor in such Fund. Investors generally are not permitted to impose restrictions or limitations on the management of any Fund. Notwithstanding the foregoing, a General Partner or Fund may sometimes enter into side letter agreements with one or more investors in the affected Fund that alter, modify, or change certain terms of the interests held by those investors, including (without limitation) terms that impose additional investment restrictions or limitations.

**ASSETS UNDER MANAGEMENT**

As of December 31, 2020, we had approximately \$838.7 million of regulatory assets under management. All of these Fund assets are managed on a discretionary basis.

## Item 5: Fees and Compensation

### FEE SCHEDULES

Certain of our affiliates generally are entitled to receive management fees or carried interest distributions with respect to the Funds. While fees are described in detail in the applicable offering or governing documents, a summary of the basic fee schedule applicable to a Fund is set forth below:

An affiliated management company for a Fund generally receives an annual management fee equal to:

- (i) during the commitment period, 2.0% of the aggregate commitments to such Fund; and
- (ii) after the commitment period (or, if earlier, the first date on which a competing fund pays a management fee to one of our affiliates), 2.0% of (a) all funded commitments attributable to investments in portfolio companies, minus (b) funded commitments attributable to any investments in portfolio companies that have been realized or permanently written down or off.

The management fees are payable in quarterly installments in advance.

In addition, net proceeds attributable to the disposition of any portfolio company investment, together with any dividends or interest income (other than interest income from temporary investments) received with respect to any such investment, will be distributed to investors who have contributed capital for such investment, in the following order of priority (subject to the terms and conditions set forth in the applicable governing documents):

- (i) First, 100% to all such investors in proportion to their contributed capital for that investment until the cumulative amount distributed to such investors equals the aggregate of: (a) such investors' contributed capital attributable to all realized investments and unrealized investments that are written down, (b) such investors' contributed capital attributable to all expenses and net management fees that are allocated by formula to such realized investments and applicable unrealized investments, and (c) a preferred return on the amounts described in (a) and (b) above at a rate of 8% per annum, compounded annually.
- (ii) Second, 100% to one of our affiliates until such time as the affiliate has received, as its carried interest, 20% of the sum of all distributions made pursuant to this item (ii) and clause (i)(c) above.
- (iii) Thereafter, 80% to all such investors in proportion to their contributed capital for such investment and 20% to our affiliate as a carried interest.

Upon termination of a Fund's commitment period and bi-annually thereafter, our carried interest affiliate will be required to restore proceeds to the affected Fund to the extent that such affiliate has received cumulative unreturned carried interest distributions in excess of amounts otherwise distributable to it pursuant to the distribution regime set forth above, applied on an aggregate basis covering all transactions of the Fund. The General Partner of a Fund may require each investor to return amounts distributed to them for the purpose of meeting such investor's pro rata share of such Fund's liabilities, obligations, or expenses.

Management fees or carried interest distributions with respect to the Funds generally are not negotiable, except that our employees and operating partners generally are not subject to management fees, certain expenses, or carried interests. In addition, notwithstanding the foregoing, a General Partner or Fund may sometimes enter into side letter agreements with one or more significant investors in the affected Fund that could modify certain terms of the interests held by those investors, including (without limitation) terms that may impose lower management fees or carried interests or that grant certain co-investment rights.

### PAYMENT OF FEES AND CARRIED INTEREST

Management fees are payable in quarterly installments in advance. A Fund's General Partner has the discretion to cause the affected Fund to pay management fees from capital contributions drawn for such purpose, drawdowns from the affected Fund's available line of credit, proceeds received in respect of any investments, or any other assets determined by such General Partner to be available. Management fees payable with respect to any period will be reduced by the net allocable income from certain fees (generally described below) that may be received during the preceding period by us or any of our affiliates from portfolio companies or prospective portfolio companies.

Carried interest distributions are calculated and paid from time to time upon the disposition of portfolio investments by a Fund.

## **OTHER FEES AND EXPENSES**

In addition to management fees, we or an affiliate may also earn monitoring, oversight, or advisory fees from portfolio companies, as well as commitment, break-up, “topping”, closing, or other fees in connection with portfolio company investments. Multiple fees may be paid with respect to any given portfolio company or transaction. Management fees are generally reduced by a specified percentage of such special income after deduction of unreimbursed transaction related expenses as provided in the affected Fund’s governing documents.

Each Fund pays all costs and expenses relating to its activities, administration, data processing, bookkeeping, record-keeping, reporting, or compliance, including legal, auditing, consulting, and accounting expenses (including expenses associated with the preparation and distribution of reports to the investors, Fund financial statements, tax returns, and Schedules K-1); expenses of the affected Fund’s advisory committee; expenses related to annual meetings of the partners; premiums for any insurance obtained on behalf of the affected Fund or its indemnified persons; expenses associated with the acquisition, holding, or disposition of its proposed or actual investments; research expenses; finders’ fees to intermediaries who identify potential investments; all third-party expenses in connection with investments or prospective investments (including attempted but abandoned investments) in portfolio companies to the extent not reimbursed by a portfolio company; extraordinary expenses such as litigation and indemnification; interest, fees, and expenses arising out of all permitted borrowings made by the affected Fund; any taxes, fees, or other governmental charges levied against the affected Fund; all expenses incurred in connection with any tax or governmental audit, investigation, settlement, or review of the Fund; and any organization and offering expenses that we incur in connection with the formation of the affected Fund and the offering of its interests (subject to a maximum dollar amount set forth in the offering documents for the affected Fund). Each Fund also pays placement fees and commissions related to the offer and sale of its interests, but such fees and commissions are offset on a dollar-for-dollar basis against the management fees. Each Fund generally is responsible for and pays any brokerage and custodial fees and expenses. See **Item 12** below.

Out-of-pocket expenses incurred by us or our affiliates in connection with the acquisition, holding, or disposition of portfolio investments are generally reimbursed by portfolio companies pursuant to advisory or monitoring agreements. Out-of-pocket expenses incurred in evaluating potential Fund investments that are ultimately not pursued (i.e., “*dead deal expenses*”) are reimbursed by the affected Fund. Any co-investment entities that are established as a single-purpose entity to invest in a single portfolio company, or any other co-investors who participate in a single portfolio company investment, will only pay dead deal expenses or other expenses related to that specific portfolio company. Expenses reimbursable by portfolio companies or a Fund (including dead deal expenses) may include, but are not limited to, travel expenses of Firm personnel and others (including family members who actively participate in business functions of the affected Fund or portfolio company) on commercial or private aircraft or other public or private transportation services such as trains, buses, taxis, personal vehicles, rented or hired cars, shuttles, boats, or other vehicles; hotels or other overnight accommodations; parking; meals and beverages; entertainment; or other costs of any and all types or descriptions. Portfolio companies may also pay our operating partners for services provided to the affected portfolio company or may reimburse the operating partner for expenses incurred in providing such services. The Firm’s operating partners are senior executives with whom the Firm has forged professional relationships and are not partners, officers, or employees of the Firm.<sup>1</sup>

The foregoing lists of expenses are not intended to be exhaustive, and expenses of any type or description not specifically identified herein will nonetheless be reimbursable in accordance with applicable agreements with a Fund or portfolio company as we determine.

## **COMPENSATION FOR THE SALE OF SECURITIES OR OTHER INVESTMENT PRODUCTS**

Neither we nor any of our supervised persons accept compensation for the sale of securities or other investment products.

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<sup>1</sup> The term “operating partner” in no way implies that the executives are partners, officers, or employees of, or have any power or authority to bind, obligate, or contract for, the Funds, the Firm, or any other CenterOak entity.

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

### **PERFORMANCE-BASED FEES**

As noted under **Item 5** above, certain of our affiliates may be entitled to receive carried interest distributions with respect to the Funds. Carried interest distributions could motivate us, the General Partners, or our affiliates due to our relationship with such affiliates, to make or recommend investment decisions that are riskier or more speculative than would be the case if these performance-based arrangements were not in effect. The method of calculating the carried interest may result in conflicts of interest with respect to the management or disposition of investments, including the sequence of dispositions. Certain of our individual employees, agents, or affiliates may be compensated to some extent based upon investment profits for which they are responsible and, accordingly, may face the same potential conflict. We attempt to mitigate these conflicts through (i) full and fair disclosure in the applicable offering documents and this brochure; (ii) the requirement that applicable amounts of invested capital, preferred return, and allocable expenses be returned to investors before formulaic carried interest distributions are made; (iii) the requirement that our principals invest in Funds as limited partners; and (iv) the clawback obligation of our affiliates upon liquidation of the affected Fund.



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

### **TYPES OF CLIENTS**

We only provide investment advisory services to our affiliated Funds, not to investors in such Funds.

### **ACCOUNT REQUIREMENTS**

In general, the minimum initial capital commitment required for an investor in a Fund is \$5 million, although capital commitments of lesser amounts may be accepted in the discretion of the applicable General Partner. Each investor in a Fund generally is required to represent that it is, among other things, an “accredited investor,” as such term is defined in Rule 501(a) of Regulation D under the Securities Act of 1933, as amended.

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

### METHODS OF ANALYSIS AND INVESTMENT STRATEGIES

A Fund's primary purpose is to make control-oriented investments in small to medium sized middle market companies organized or operating in the United States. During its active investment period, a Fund will target the acquisition of businesses primarily in three core industry sectors: Industrial Growth, Consumer, and Business Services ("Core Sectors"). In that period, the affected Fund seeks to invest in buyouts and recapitalizations of middle market companies, such as closely-held or family-owned businesses, non-core subsidiaries of larger public or private companies, and buy-and-build opportunities with proven executives, and attempts to construct a diversified portfolio of platform investments across the Core Sectors. Specifically, within these targeted sectors, the affected Fund pursues businesses with attractive investment characteristics that include, but are not necessarily limited to: (i) existing or identifiable seasoned management with a proven track record of creating value; (ii) opportunities to grow cash flows; (iii) potential for market leadership; (iv) sustainable competitive advantages; (v) operational under-performance with areas for improvement; (vi) reasonable purchase price; and (vii) numerous exit opportunities.

Our principals and investment professionals meet weekly to review potential investment opportunities. During these meetings, the high-level merits and risks associated with opportunities are proactively debated. Following this initial screening, we reach a consensus on which transactions merit additional time and resources. To the extent an opportunity passes initial investment review, we conduct industry research to better understand industry structure, cycles, trends, and other pertinent industry dynamics. Following industry research, we focus on company due diligence to identify and evaluate strengths, weaknesses, opportunities, and risks. The diligence process typically involves, among other things, meetings with management, facility/site visits, interviews with customers and suppliers, industry analysis, and competitive benchmarking. We work with management, as well as with industry consultants, to identify growth initiatives and opportunities for operational enhancements post-acquisition. Attorneys, accountants, and other specialists are engaged to perform reviews of the target's books, records, accounting practices, financial controls, contracts, agreements, potential contingent obligations, and other items. Financial projections and an investment summary will be developed that reflect the foregoing review and analysis.

The investment strategies summarized above are not intended to be comprehensive. For a more information regarding our investment strategies, please see the offering documents of each Fund.

### CERTAIN RISK FACTORS

*There can be no assurance that a Fund will achieve its investment objectives or that investments will be profitable. Each Fund's investment strategies involve a substantial degree of risk, including risk of complete loss. Nothing in this brochure is intended to imply, and no one is or will be authorized to represent, that these investment strategies are low risk or risk free. A Fund's investment strategies are appropriate only for sophisticated persons or entities that fully understand and are capable of bearing the risks of investment. The various risks outlined below are not the only risks associated with these investment strategies and processes and will not necessarily apply to each investor. The following risks are qualified in their entirety by the risks set forth in the applicable offering documents.*

**General Investment Risk.** All securities investments risk the loss of capital. No guarantee or representation is made that a Fund will achieve its investment objectives or that investors will receive a return of their capital. Making an investment in a Fund is speculative and risky. In addition, there will be occasions when we may encounter potential conflicts of interest in connection with a Fund. In evaluating whether to make an investment in a Fund, potential investors should consider all information contained in the offering and governing documents thereof.

**Nature of Levered Investments.** The capital structures of portfolio companies are expected to be highly levered. While investments in leveraged companies can offer the opportunity for higher equity returns, such investments also involve a high degree of risk. Although we will work with portfolio company management and lenders in structuring and monitoring financial leverage, no assurance is given that portfolio company operating performance, and ultimately a Fund's investments, will not be adversely affected by the use of financial leverage. For example, debt service can reduce the cash that a portfolio company has available for reinvestment and growth. Further, a leveraged capital structure presents additional risks such as those described under the heading "Leverage" below.

**Illiquid and Long-Term Investments.** Although portfolio investments may sometimes generate current income, the return of capital and the realization of gains, if any, from a portfolio investment will most likely occur only upon the partial or complete disposition of such portfolio investment. While a portfolio investment may be sold at any time, it

is generally expected that the disposition of most of a Fund's portfolio investments will not occur for a number of years after such portfolio investments are made. It is unlikely that, at the time of their respective dispositions, there will be a liquid, public trading market for all portfolio investments held by a Fund. A Fund will not be able to sell its securities publicly unless such sale is registered under applicable securities laws or unless an exemption from such registration requirements is available. In addition, in some cases a Fund may be prohibited from selling certain securities for a period of time and, as a result, may not be permitted to sell a portfolio investment at a time it might otherwise desire to do so. As a result, a Fund might not be able to sell its portfolio investments when desired, and the value of the portfolio investments might therefore be adversely affected by such illiquidity. A Fund intends to seek acquisitions of companies that are expected to have a variety of exit alternatives, and a Fund expects to work with operating management and third parties, such as investment banks, business brokers, and others, to help sell, recapitalize, or otherwise exit portfolio investments. But, no assurance can be given that a Fund will be successful in these efforts.

*Disposition of Private Investments.* Most, if not all, of a Fund's investments will involve private securities, which are generally more difficult to sell than publicly traded securities, as there is often no liquid market, which may result in selling interests at a discount. In connection with the disposition of investments in private securities, a Fund may be required to make representations about the business and financial affairs of the portfolio company typical of those made in connection with the sale of a business. A Fund also may be required to indemnify the purchasers of such investment to the extent that any such representations turn out to be inaccurate. These arrangements may result in the incurrence of contingent liabilities that may ultimately yield funding obligations that must be satisfied by the limited partners to the extent of distributions made to such limited partners.

*Material Non-Public Information.* From time to time, a Fund or its advisers may come into possession of material non-public information concerning specific companies. Under applicable securities laws, this may limit a Fund's flexibility to buy or sell portfolio securities issued by such companies. A Fund's investment flexibility may be constrained as a consequence of the inability to use such information for investment purposes. Alternatively, a Fund or its representatives may decline to receive material non-public information which they are entitled to receive in order to avoid investment restrictions for such Fund, even though access to such information might have been advantageous to such Fund and other market participants are in possession of such information.

*Highly Competitive Market for Investment Opportunities.* The activities of identifying, completing, or realizing on attractive portfolio investments are highly competitive and involve a high degree of uncertainty. There can be no assurance that we will be able to identify and complete portfolio investments which satisfy a Fund's investment objectives, or realize the value of such portfolio investments, or that a Fund will be able to invest fully its capital. A Fund will compete for investment opportunities against various other groups, including industry participants, investment firms, merchant banks, and other investors. Subject to the availability of attractive investment opportunities and financing, a Fund will seek to make portfolio investments. However, even if no portfolio investments are acquired, a Fund will still have obligations for certain expenses, including management fees, audits, tax returns, annual meetings, and other operating items, and limited partners will be required to contribute capital for such expenses.

*Portfolio Company Management Risks.* Although we will monitor the performance of portfolio company management teams, such teams will have day-to-day responsibility for conducting the business and affairs of their respective companies. Consequently, the value of a Fund's portfolio investments will be affected significantly by the efforts and decisions of operating management teams. Because of their size and historical needs, many lower middle market companies must rely heavily on the services of a limited number of key individuals, the loss of any one of whom could significantly adversely affect future performance. However, lower middle market companies may not always be led by incumbent management teams/founders who possess a broad range of experience or professional managerial skills. Further, key executives/founders may be approaching the ends of their active business careers, requiring (upon retirement) the planned transition to professional management or a next generation of senior managers. In situations where incumbent managers or founders are supplemented with or replaced by professional management teams, operating cultures or key relationships with customers, suppliers, personnel, or others might be adversely affected. While we will attempt during the due diligence process to assess the relative capabilities and depth of company managers and will monitor performance over the course of an investment, no assurance is given that these efforts will be sufficient to overcome any decisions made or activities undertaken by portfolio company management teams or that the supplementation or replacement of operating managers will be successful.

*Bankruptcy of Portfolio Companies.* A Fund may make investments in portfolio companies that may experience financial difficulties and become insolvent or file for bankruptcy protection. Various U.S. federal and state and non-U.S. laws in connection with such bankruptcy proceedings could operate to the detriment of a Fund. There is also a risk that a court may subordinate a Fund's investment to other creditors or require a Fund to return amounts previously paid to it by a portfolio company that became insolvent or files for bankruptcy, a risk that could increase if a Fund (as expected) has management rights in such portfolio company.

*Control Position.* A Fund will generally seek investment opportunities that allow it to acquire control or exercise influence over management and the strategic direction of portfolio companies in which it invests. The exercise of control over a company imposes additional risks of liability for environmental damage, product defects, failure to supervise management, and other types of liability in which the limited liability generally characteristic of business operations may be ignored. The exercise of control over a portfolio company could expose the assets of a Fund to claims by such portfolio company, its security holders, its creditors, and other third parties. While a Fund will attempt to reduce exposure to these risks, the possibility of successful claims cannot be precluded.

A Fund may also make control-oriented investments in portfolio companies where it may not have majority voting control. Such portfolio companies may have economic or business interests or goals that are inconsistent with those of a Fund and, while a Fund may have certain negative control features, such Fund may not be in a position to implement affirmative actions to protect the value of their investments in such portfolio companies.

*Third-Party Involvement.* A Fund may co-invest through partnerships, joint ventures, or other entities with third parties that may have economic or business interests or objectives that are different from or conflict with those of such Fund.

*Infrastructure Development.* In lower middle market companies, financial personnel, controls, systems, and reports often require post-acquisition upgrades in order to meet the information requirements of a Fund and the companies' lenders. In addition, the implementation of post-acquisition operating strategies may require significant expansions in the physical plant, sales personnel, and other human or capital resources. These upgrades or expansions in portfolio company infrastructures can require substantial investments of time and capital and can result in initially lower cash flows, which can in turn affect the value of a Fund's investment (*i.e.*, the so-called J-curve effect) and can jeopardize the portfolio company's ability to meet financial covenants or to fulfill debt and other obligations.

*Customer and Supplier Concentration.* Small to medium sized, middle market companies can often exhibit strong reliance on a limited number of customers or suppliers, the loss of any one of which can have materially adverse effects. We will, of course, attempt to diligence these concentration issues by surveying relevant customers, suppliers, competitors, or others, often with the assistance of industry consultants. If after diligence we decide to complete an acquisition, we customarily will attempt to work with portfolio management teams to facilitate customer/supplier diversification over time, but no assurance can be given that these efforts will succeed.

*Uncertainty of Financial Projections.* A Fund may use financial projections to help analyze a potential investment or future capital raises and financing for portfolio companies or other transactions. Projected operating results will often be based on management judgments. In all cases, projections are only estimates of future results that are based upon assumptions made at the time that the projections are developed. There can be no assurance that the projected results will be obtained, and actual results may vary significantly from the projections. General economic conditions, which are not predictable, can have a material adverse effect on the reliability of such financial projections.

*Financial Fraud.* Instances of fraud and other deceptive practices committed by the management of certain portfolio companies in which a Fund may invest may undermine the ability of such Fund and its representatives to conduct effective due diligence on, or successfully exit, such portfolio companies. In addition, financial fraud may contribute to overall market volatility, which can negatively impact a Fund's investment program.

*General Economic and Market Conditions.* Portfolio companies, and therefore a Fund and its investments, will be affected by general economic and market conditions, such as changes in interest rates, availability of credit, inflation rates, economic uncertainty, business cycles, changes in laws (including laws relating to taxation of a Fund's investments), trade barriers, currency exchange controls, and national and international political circumstances (including wars, terrorist acts, or security operations). In addition, factors specific to a portfolio company may have an adverse impact on the corresponding investment in that company. An economic recession or adverse developments in securities markets or other financial markets could have an impact on some or all of a Fund's investments. These and other factors may cause a Fund or its investments to suffer material losses and other adverse effects.

*Hedging Transactions.* A Fund, its portfolio companies, or their representatives may use various hedging techniques in order to reduce the exposure to various risk factors. There can be no assurance that such hedging techniques will be effective or that they will result in higher or more stable returns than would have been the case had they not been employed. Moreover, such hedging techniques will tend to limit any potential gain that might result from an increase in the value of a hedged position. It should be noted that any such hedging techniques would be intended only to reduce (not eliminate) exposure to certain risks and not to reduce all forms of investment risk. Further, a Fund, its portfolio companies, and their representatives are not obliged to hedge any particular form of risk in any particular situation and may instead recommend that investors assume such risks or change their investment policies and practices. Moreover, certain of the investment strategies recommended by a Fund, its portfolio companies, or their representatives may from time to time have extensive unhedged exposure to various sources of equity, credit, interest rate, or other risk, whether known or unknown. Under certain circumstances, hedging techniques intended to reduce certain forms of risk may actually increase risk, whether due to the unintended market impact of hedging transactions, leverage effects associated with hedging positions, unexpected adverse price movements of a hedging instrument relative to the hedged instrument (i.e., adverse changes in the “basis” between the hedging and hedged instrument), lower liquidity of the hedged and hedging positions relative to an unhedged position, risks related to the use of derivative instruments, or other factors. In addition, even where the Fund, its portfolio companies, or their representatives seek to hedge a particular risk, a suitable hedging transaction might not be identified, available, or successfully executed.

*Government Regulation and Changes in Law.* Following severe global market volatility and dislocations, financial institution failures and defaults, and large financial frauds in recent years, U.S. and foreign governmental authorities, agencies, and representatives have called for financial system and participant regulatory reform, including additional regulation of investment funds (such as the Funds), their representatives (such as the Adviser or Relying Advisers), and their activities, including registration requirements, compliance, risk management, anti-money laundering procedures, and reporting and disclosure requirements. These requirements and other potential increases in regulation may require a significant amount of time and attention from a Fund and its representatives, impose additional costs, and could place restrictions on the investment or other operations of the Fund and its representatives.

*Reliance on Key Personnel.* The success of a Fund depends in substantial part upon the skill and expertise of its representatives. Pursuant to a Fund’s partnership agreement, we have been engaged to provide certain investment advisory services to the General Partner of such Fund; and such Fund’s manager has been engaged to provide certain administrative services to us and the General Partner. There can be no assurance that key personnel will continue to be associated with us, the General Partner, or our affiliates throughout the life of a Fund. The loss of key personnel could have a material adverse effect on a Fund or its portfolio companies.

*Board Participation.* Each Fund may be represented on the boards of directors of certain portfolio companies or may have their representatives serve as observers to such boards of directors. Although such positions in certain circumstances may be important to the Fund’s investment strategies and may enhance the Fund’s ability to manage its portfolio investments, they may also have the effect of impairing the Fund’s ability to sell the related securities when, and upon the terms, desired and may subject the Fund or others to claims they would not otherwise be subject to as an investor, including claims of breach of duty of loyalty, securities claims, and other director related claims. In general, the Fund will indemnify us, the General Partner, and our affiliates, officers, employees, and representatives from such claims.

*Absence of Operating History.* At its launch, a Fund is a newly formed entity and has no prior operating history upon which an investor can base its prediction of future success or failure. Although a Fund’s representatives have experience in making investments in leveraged companies, the past performance of these investments is not necessarily indicative of the future results of such Fund’s investments.

*Unspecified Use of Proceeds.* Fund investors will not have an opportunity to evaluate for themselves the relevant economic, financial, and other information regarding the portfolio investments to be made by a Fund and, accordingly, will be dependent upon the judgment and ability of a Fund’s representatives in investing and managing the capital of such Fund. No assurance can be given that a Fund will be successful in obtaining suitable investments or that, if such investments are made, the objectives of such Fund will be achieved.

*Passive Investment in Interests.* Investors will be relying entirely on a Fund’s representatives to conduct and manage the affairs of such Fund, including the General Partner’s oversight of activities delegated to us and others. A Fund’s limited partnership agreement prohibits the limited partners from engaging in the active management or business of

such Fund. As a result, the limited partners must rely on the ability of a Fund's representatives to make appropriate portfolio investments for such Fund and to manage and dispose of such portfolio investments.

*Risk of Limited Number of Investments.* A Fund will participate in a limited number of investments and, as a consequence, the aggregate return of such Fund may be affected by the performance of a single portfolio investment. Furthermore, to the extent that the capital raised is less than its targeted amount, a Fund may invest in fewer portfolio companies and thus be less diversified. Because a Fund has the ability (subject to prescribed limits) to concentrate its investments in any portfolio company and an unlimited amount of its assets in a single industry, the overall adverse impact on such Fund of adverse movements in the value of the securities of a single issuer will be considerably greater than if such Fund were not permitted to concentrate its investments to such an extent.

*Exculpation and Indemnification.* Certain exculpation and indemnification provisions contained in a Fund's partnership agreement may limit the rights of action otherwise available to limited partners and other parties against such Fund's representatives. In addition, a Fund will be obligated to indemnify such Fund's representatives in respect of the operations of such Fund and its portfolio companies, subject to certain limited exceptions generally involving willful misconduct, fraud, or gross negligence.

*Recourse to Assets.* A Fund's assets, including any investments or capital commitments, are available to satisfy all liabilities and other obligations of such Fund. If a Fund becomes subject to a liability, parties seeking to have the liability satisfied may have recourse to such Fund's assets generally and may not be limited to any particular asset, such as the asset representing the investment giving rise to the liability. Accordingly, limited partners could find their interests in a Fund's assets or capital commitments adversely affected by a liability arising out of an investment in which they did not participate because, for example, they were excluded or excused from the investment.

*Potential Exclusion from Participation.* A limited partner's participation in portfolio investments may be limited by virtue of a General Partner's right to exclude a limited partner from participating in all or part of any portfolio investments if such General Partner determines that such participation would have a material adverse effect. In such situations, the excluded limited partner could miss out on a high performing investment, and such limited partner's contributions will be more highly concentrated in fewer Fund investments, which may be less diversified and may produce lower overall returns than a Fund's entire portfolio.

*Liability for Return of Distributions.* If a Fund is otherwise unable to meet its obligations, the limited partners may be obligated to return cash distributions with interest previously received by them if such distributions are deemed to be wrongfully paid to them and such limited partners knew at the time of such distributions that they were wrongfully paid. In addition, a limited partner may be liable under applicable federal or state bankruptcy laws to return a distribution made during a Fund's insolvency. The limited partners also may, subject to prescribed limitations, be required to return amounts distributed to them to fund a Fund's indemnity obligations, as well as for other expenses.

*Failure to Make Capital Contributions.* If any limited partner fails to fund its subscription obligation or make required capital contributions when due, a Fund's ability to complete its investment program or otherwise continue operations may be substantially impaired. A default by a substantial number of limited partners could leave a Fund with less than sufficient capital to meet its funding obligations and would limit opportunities for investment diversification and likely reduce Fund returns. Any limited partner that defaults in making a required capital contribution will be subject to certain significant and adverse consequences pursuant to the affected Fund's partnership agreement.

*Expedited Transaction.* Investment analyses and decisions by a Fund's representatives may frequently be required to be undertaken on an expedited basis to take advantage of investment opportunities. In such cases, the information available to a Fund's representatives at the time an investment decision is made may be limited, and the representatives may not have access to detailed information regarding the investment. Therefore, no assurance can be given that a Fund's representatives will have knowledge of all circumstances that may adversely affect an investment.

*Disclosure of Information.* A Fund or its representatives may be subject to public records or similar laws that may compel public disclosure of confidential information regarding such Fund, its portfolio investments, or one or more limited partners. There can be no assurance that such information will not be disclosed either publicly or to regulators or law enforcement or otherwise, including to comply with regulations or policies to which these entities may be or become subject.

*Side Letters.* A Fund or its representatives are expected from time to time to enter into letter agreements or other similar agreements (collectively, "Side Letters") with one or more limited partners which may provide such limited partners with additional or different rights (including with respect to access to information, advisory board seats,

investment restrictions, and economic terms, such as management fee discounts, reduced carried interests, co-investment rights, etc.) than such limited partners have pursuant to such Fund's partnership agreement. As a result of such Side Letters, certain limited partners may receive additional benefits, including more favorable economic terms, which other limited partners will not receive. A Fund and its representatives are not required to notify all limited partners of any such Side Letters or any of the rights or terms or provisions thereof, and are not required to offer such additional or different rights or terms to all limited partners. Accordingly, in certain cases, the other limited partners will have no recourse against a Fund or its representatives in the event that certain limited partners receive additional or different rights or terms as a result of such Side Letters.

*Valuation of Portfolio Investments.* The values of a Fund's portfolio investments that are not publicly tradable may not be readily ascertainable and will be estimated by such Fund's General Partner in accordance with the terms of such Fund's partnership agreement. The actual realized returns on unrealized investments will depend on, among other factors, future operating results, the value of assets and market conditions at the time of disposition, any related transaction costs, and the timing and manner of sale, all of which may differ from the assumptions on which the estimated values are based. Accordingly, the actual proceeds realized on a Fund's investments may differ materially from the unrealized values determined by such Fund's General Partner.

*Leverage.* A Fund or its portfolio companies may borrow funds for a variety of business purposes, including (among others) to make investments or acquisitions. These borrowings will likely increase a Fund's or its portfolio companies' exposure to rising interest rates, economic downturns, geopolitical upheaval, or borrower-specific crises or illiquidity, which in turn can impair the borrower's competitive position, financial condition, capital-raising capabilities, or perhaps even its survivability. Under these or other circumstances, a Fund or its portfolio companies might be unable to generate sufficient cash flow to meet their debt service requirements or to fulfill dividend or other obligations, and as a result, the value of a Fund or its portfolio companies could be significantly reduced or even eliminated.

*Conflicts Generally.* Conflicts of interest may exist in the structure or operation of a Fund's business. Although a Fund's General Partner is accountable to the Fund as a fiduciary, and consequently owes certain duties to the Fund, adequate and practical remedies may not be available to the limited partners if such General Partner fails to fulfill its obligations with respect to the Fund as a fiduciary.

*Financial Advisory and Other Activities.* Certain of our activities may present a potential conflict of interest. These activities may include, for example, advising other clients (including other private equity funds organized in accordance with a Fund's partnership agreement); sponsoring other investment vehicles (including those with investment objectives similar to or overlapping with those of a Fund); making investments for our own accounts; or engaging in other lines of business.

We and our related persons may have various advisory, transactional, financial, and other interests in securities or other financial instruments. These other activities could compete for the purchase, sale, trading, structuring, or restructuring or other investment vehicles in respect of which we provide investment advice. In addition, such activities could conflict with advice we give to a Fund. For example, we could advise that a Fund, or other investment vehicles in respect of which we provide investment advice, buy or sell certain investments while simultaneously advising other clients to undertake a different (including potentially opposite) strategy with respect to those investments. Any common (or opposing) positions described above may limit our ability to add to the position held on behalf of a Fund (or any other investment vehicle in respect of which we provide investment advice), to readily liquidate such a position, or to obtain a favorable price in the course of such liquidation. In effecting transactions for a Fund, a related person, or any other persons or entities, it may not always be possible or consistent with the investment objective of a Fund or of such other persons or entities to take or liquidate the same investment positions at the same time or at the same prices. The "market impact" associated with liquidation by such other persons or entities may adversely affect the ability of a portfolio, other person, or entity to liquidate its position; or where the position is liquidated, the price at which such liquidation occurs; or where the position of a Fund or other person or entity does not liquidate its position, the mark-to-market value of such position.

*Performance Allocation.* The existence of the carried interest may create an incentive for a Fund's General Partner to make more speculative portfolio investments on behalf of the Fund than it would otherwise make in the absence of such performance-based arrangement, although our employees' investments in the Fund should tend to reduce this incentive.

*Potential Conflicts in Calculation of Certain Fund Expenses.* A Fund's partnership agreement provides that such Fund will be responsible for all expenses in connection with its organization, offering, operations, and other activities

(including expenses relating to unconsummated or abandoned investments), but will not be responsible for administrative and overhead expenses (such as employee compensation and benefit, rent, and other general office charges) of such Fund's representatives. In the case of consummated investments, portfolio companies will normally bear closing and post-closing expenses. All determinations as to whether certain expenses are Fund expenses or portfolio company expenses or whether those expenses are reasonable will be made by us or the affected Fund's General Partner and, as such, could give rise to potential conflicts of interest. If the qualification or reasonableness of any expense is disputed by any limited partner, regulatory body, or other person, we or the affected Fund's General Partner may, but will not be obligated to, seek the guidance or input from the affected Fund's advisory committee, and the decision of us or such General Partner with the approval of the affected Fund's advisory committee will conclusively establish such qualification and reasonableness.

*Diverse Membership.* A Fund's limited partners may have conflicting investment, tax, and other interests with respect to their investments in such Fund. The conflicting interests of specific limited partners may relate to or arise from, among other things, the nature of the portfolio investments made by a Fund, the structuring or the acquisition of portfolio investments, or the timing of disposition of portfolio investments. As a consequence, conflicts of interest may arise in connection with Fund decisions, including with respect to the nature or structuring of portfolio investments, that may be more beneficial for one investor than for another investor, especially with respect to investors' respective tax situations. In selecting and structuring investments, a Fund will consider the investment and tax objectives of such Fund and its partners as a whole, not the investment, tax, or other objectives or any limited partner individually.

*Conflicting Interests.* A Fund is likely to have a diverse range of limited partners that may have conflicting interests stemming from differences in investment preferences, tax status, or regulatory status. We and a Fund's General Partner will consider the objectives of the affected Fund and the partners as a whole when making investment decisions with respect to the selection, structuring, or sale of portfolio companies. However, such decisions may be more beneficial for certain partners than for others. Additional possible conflicts of interest that may affect a Fund include, but are not necessarily limited to:

- Follow-on investments may present conflicts of interest, including determination of the equity component and other terms of the new financing.
- A Fund may participate in recapitalization transactions involving portfolio companies. Recapitalization transactions present conflicts of interest, including determinations of whether existing investors are being cashed out at a price that is lower than market value and whether new investors are paying too high a price for the company or purchasing securities with terms that are less favorable than prevailing market terms.
- Our operating partners have other professional obligations, including senior executive, supervisory, or board positions which may not be related to a Fund or its portfolio companies. Therefore, conflicts of interest may arise in allocating time, services, or functions to a Fund and the time required for these other obligations.

No limited partner will have the right to participate in any profits, income, or business opportunities accruing or presented to us or our affiliates other than the investments made through and on behalf of such limited partner's Fund.

*Resolution of Conflicts.* We, the General Partner, and our affiliates have the right to perform services for, and receive compensation from, each Fund, any parallel vehicle, or any portfolio company, and have the right to purchase property (including securities) from, to sell property or lend funds to, or otherwise deal with any or all Funds, any parallel vehicle, or any portfolio company. The terms of any such dealing must, however, be fair and on terms no less favorable to the affected Fund, such parallel vehicle, or such portfolio company than would be obtained on an arm's-length basis, taking into account the nature of the transaction and the services provided. We or a Fund's General Partner will submit any matter involving a material conflict of interest between us or our affiliates on the one hand and the affected Fund or its limited partners on the other to the affected Fund's advisory committee for its review and approval. In addition, we or a Fund's General Partner will submit to the affected Fund's advisory committee for its review and approval (i) any investments that the affected Fund is making in companies in which we, the General Partner, or (to our knowledge) our affiliates have an ownership interest; (ii) any investments (other than investments through the affected Fund or any parallel or alternative investment vehicle formed under the affected Fund) that we, the General Partner, or (to our knowledge) our affiliates are making in any portfolio companies in which the affected Fund has an ownership interest; or (iii) any other material transactions between the affected Fund on the one hand and us, such Fund's General Partner, or our affiliates on the other hand. The decision of the affected Fund's General



Partner with the pre- or post-approval of the affected Fund's advisory committee will conclusively establish the fairness or reasonableness of any such matter.

*Service Providers.* Certain service providers (including, among others, accountants, administrators, attorneys, brokers, consultants, custodians, investment banks, lenders, or their affiliates) to a Fund or its portfolio companies may have relationships with, or provide goods or services to, such Fund, its portfolio companies, or other organizations that are affiliated with such Fund or us. These services and relationships may influence us or our affiliates in deciding whether to select such a provider to perform services for a Fund or its portfolio companies.

*Other Activities of CenterOak.* The Firm intends to sponsor other investment funds in the future. A Fund, on the one hand, and, consistent with the terms of a Fund's partnership agreement, one or more of such other vehicles or portfolios, on the other hand, may have conflicting interests, and each will compete for our limited personnel and financial resources. However, none of the affected Fund's representatives will, directly or indirectly, act as General Partner, manager, or the primary source of transactions on behalf of any other pooled investment partnership or other entity with objectives substantially similar to the affected Fund except as set forth in the affected Fund's partnership agreement.

*Cybersecurity Risks.* We, the Funds, portfolio companies, and our affiliates and service providers (collectively "**Firm Data Users**") depend heavily on information technology systems, internet and telecommunication connectivity, computers, smart phones, and a host of other hardware and software components and media intended for digital communication, productivity, and data storage (collectively "**IT Systems**"). "**Cybersecurity**" generally describes the technology, processes, and practices designed to protect IT Systems from intentional or unintentional acts or omissions, including computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons, user errors, power outages, and catastrophic events such as fires, tornadoes, floods, hurricanes, and earthquakes. Firm Data Users are subject to a wide range of significant risks associated with cybersecurity breaches, including (among others) loss or corruption of data; misappropriation of confidential or proprietary information; work stoppages and other service interruptions; compromised privacy or unauthorized use of sensitive information relating to investors or their owners or beneficiaries; damage to or disruption of equipment, data, or business functions; lost opportunity; repair or replacement costs; investigative or remediation costs related to investigating, identifying, or resolving cyber-breaches; and other reputational or financial injuries. Further, a cybersecurity breach can expose us and our affiliates to civil, legal, or regulatory liabilities, claims, or proceedings, which would likely require the Funds or portfolio companies to indemnify us or our affiliates. Although various cybersecurity measures have been implemented that we believe can help moderate such risks, neither we nor any other Firm Data Users can eliminate such risks or their effects, which may be material. For these and other reasons, cybersecurity risks are currently a major focus of the Securities and Exchange Commission and other regulatory authorities.

*Epidemics, Pandemics, and Public Health Issues.* The Funds, their operations and investments, and our own business activities can be adversely affected by epidemics, pandemics, and widespread public health issues (such as Coronavirus, Ebola, H1N1 flu, H7N9 flu, H5N1 flu, Severe Acute Respiratory Syndrome (SARS), Zika virus, or other deadly or debilitating diseases) in the United States and / or international markets in which the Funds' portfolio companies operate. Specifically, Coronavirus, or COVID-19, has spread rapidly around the world since December 2019 and, given global, national, regional, and local cancellations, curtailments, and closures, has had material adverse effects on the U.S. and global economies, financial markets, businesses, and communities. The ongoing near- and long-term effects of COVID-19 (or any future epidemic or pandemic) on CenterOak and the Funds cannot currently be predicted with certainty, and the severity of those effects will depend upon many factors, such as duration, pervasiveness, and countermeasures, that are beyond our control.

*Force Majeure & Catastrophic Risks.* The Adviser, Relying Advisers, and Funds may be subject to operational risk from unforeseeable and uncontrollable catastrophic events, including fires, floods, earthquakes, adverse weather conditions, and related power outages, water shortages, or other damage caused by such events or by changes in law, eminent domain, wars, riots, terrorist attacks, and other similar risks, which may be uninsurable or insurable at rates that we deem uneconomic. These events could result in loss and litigation, among other potentially detrimental effects.

**THE FOREGOING RISK FACTORS DO NOT PURPORT TO BE A COMPLETE DESCRIPTION OF ALL OF THE RISKS ASSOCIATED WITH THE INVESTMENT STRATEGIES OF, OR THAT ARE APPLICABLE TO, THE FUNDS.**

**Item 9: Disciplinary Information**

Not applicable.

## Item 10: Other Financial Industry Activities and Affiliations

### RELYING ADVISERS

We are not a general or limited partner of any Fund. Rather, our general partner, CenterOak GP I, Inc. (“**GP I**”), also serves as the sole General Partner of Fund I, and CenterOak GP II, Inc. (“**GP II**”) serves as the sole General Partner of Fund II, consisting of CenterOak Equity Fund II, L.P. and CenterOak Equity Fund II-EF, L.P. In their capacities as General Partners, GP I is ultimately responsible for making decisions with respect to the acquisition and disposition of Fund I investments, and GP II is ultimately responsible for making decisions with respect to the acquisition and disposition of Fund II investments.

Each General Partner is also a Relying Adviser, which means that it relies on our umbrella registration instead of separately registering with the SEC as an investment adviser under the Advisers Act. To enable such reliance, we have entered into an investment management supervision agreement with each Relying Adviser, pursuant to which, among other things, (i) the affected Relying Adviser, its employees, and persons acting on its behalf will be “persons associated with” and “supervised persons” (as each term is defined in the Advisers Act) of us; (ii) the investment advisory services of the affected Relying Adviser, its employees, and persons acting on its behalf will be subject to our supervision and control with respect to any investment advisory functions thereof; (iii) any investment advisory functions of the affected Relying Adviser will be subject to the Advisers Act and the rules and regulations thereunder; and (iv) the activities and books and records of the affected Relying Adviser will be subject to inspection and examination by the SEC. Each Relying Adviser is subject to our compliance policies and procedures. We have disclosed in Form ADV that we are filing an umbrella registration and have disclosed each Relying Adviser in Schedule R of Part 1A of our Form ADV.

### PORTFOLIO COMPANY ACTIVITIES

From time to time, certain of our supervised persons may serve as directors or officers of, or provide advice to, companies in which a Fund invests. As directors or officers of portfolio companies, such supervised persons may be subject to fiduciary or other duties to the portfolio companies, and those duties may occasionally conflict with the best interests of a Fund. For example, investors should be aware that the receipt of non-public information by our related persons regarding these companies could preclude us from effecting discretionary transactions on behalf of the affected Fund in certain securities of these issuers. Special income received by us or our affiliates with respect to activities performed on behalf of portfolio companies generally will offset management fees by a specified percentage after deduction of unreimbursed transaction related expenses as provided in the affected Fund’s governing documents and discussed in **Item 5** above.

### ADDITIONAL ADVISORY ACTIVITIES

As permitted by a Fund’s limited partnership agreement and as disclosed to the affected Fund’s investors, Mr. Fojtasek and our other supervised persons have, since the inception of the Adviser, served as partners, employees, or representatives of Brazos Investment Partners I, L.P. (“**Brazos**”), which is a registered investment adviser for Brazos Equity Fund II, L.P. and Brazos Equity Fund III, L.P. Likewise, HS Advisory LLC, a diligence and advisory services firm co-founded by a principal of the Adviser, provided consulting services to many Brazos portfolio companies for several years before the Adviser was organized and may, under similar arrangements, provide project-specific services to certain Brazos portfolio companies pending exit. HS Advisory LLC will not be engaged to provide consulting services to any Fund portfolio company. We attempt to mitigate general conflicts of interest with respect to ongoing activities on behalf of Brazos through full and fair disclosure in the applicable offering documents and this brochure.

### OTHER ACTIVITIES

Other than those activities disclosed above, our supervised persons are generally expected to devote their professional time and efforts to the business of the Adviser and its affiliates and avoid activities that could present actual or perceived conflicts of interest. Employees must report to and generally obtain prior approval from the CCO or Investment Committee for outside activities. Certain supervised persons of the Adviser may acquire or hold, either personally or through family entities, public or private investments that are generally unrelated to the activities of the Adviser or the Funds. From time to time, such supervised persons may also acquire or hold, either personally or through family entities, public or private investments that might present, or be perceived as presenting, potential conflicts of interest. See **Item 11** below.

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

### **CODE OF ETHICS**

We have adopted and implemented a code of ethics that sets forth standards of business conduct for our supervised persons. Our code of ethics is primarily designed to educate supervised persons about our philosophy regarding ethics and professionalism; emphasize our fiduciary duties to clients; encourage supervised persons to comply with applicable laws; prevent the misuse of material non-public information or the circulation of rumors and other forms of market abuse; and address conflicts of interest that could arise from personal trading by supervised persons. Among other things, we impose restrictions on supervised persons relating to the purchase or sale of securities for their own accounts and the accounts of certain affiliated persons. Supervised persons are required to submit quarterly reports disclosing personal securities transactions and annual reports disclosing personal securities holdings. We also maintain certain policies and procedures designed to prevent supervised persons from misusing material non-public information. We will furnish a copy of our code of ethics to Fund investors upon request.

### **OTHER ACTIVITIES**

In the course of our activities, including activities on behalf of a Fund, we or our affiliates may acquire confidential information or otherwise become restricted in our investment activities. In such event, we may not be free to act upon such confidential information in the course of performing our duties for the affected Fund, and we or our affiliates may not be able to initiate a transaction for the affected Fund that we otherwise would have initiated, with the result being that we are unable to purchase or dispose of an investment. Such restrictions would apply even if we were not involved in, and could not have benefitted from, the receipt of such information.

### **LIMITED PARTNER ADVISORY COMMITTEE**

Each Fund has established an advisory committee composed of selected representatives of its limited partners. The advisory committee will meet with representatives of the affected Fund's General Partner and advise on issues involving potential conflicts of interest between the affected Fund on the one hand and its General Partner, us, and our principals on the other. The advisory committee will also have the right to object to the valuation of any securities that are distributed in-kind by a Fund to its investors. We or the affected Fund's General Partner may seek the approval of the affected Fund's advisory committee in connection with (i) approvals that are or would be required under the Advisers Act, including 206(3) of the Advisers Act, or (ii) any other matter deemed appropriate by us or the affected Fund's General Partner.

### **CO-INVESTMENT OPPORTUNITIES**

In connection with any investment where the transaction requires or permits a larger investment than we or the affected Fund's General Partner deem appropriate for the affected Fund and in other situations, we in our sole discretion may offer third parties (including Fund limited partners) the opportunity to co-invest with the affected Fund on such terms and conditions as we or the affected Fund's General Partner determine; *provided* that none of us, the affected Fund's General Partner, or any of our affiliates may be offered such a co-investment opportunity unless approved by the affected Fund's advisory committee. In offering co-investment opportunities to third parties (including Fund limited partners), we generally consider many factors, including (among others) the focus, staffing, size, experience, and reputation of the party's co-investment program; the typical bite size of the party's co-investment; the size of the party's capital commitment to the affected Fund; the duration and scope of the party's decision-making, diligence, and documentation processes; and the expertise or other strategic value that the party can provide in respect of the affected portfolio company. By side letter, an anchor limited partner in Fund I was granted a right of first refusal with respect to certain Fund I co-investment opportunities.

### **TRANSACTIONS WITH AFFILIATES**

We or our affiliates generally have the right to perform investment management or other services for, and receive compensation from, each Fund, parallel investment vehicle, or portfolio company, and have the right to purchase property from, to sell property or lend funds to, or otherwise deal with each Fund, parallel investment vehicle, or portfolio company. The terms of any such dealing (i) must be fair to the affected Fund, parallel investment vehicle, or portfolio company and on terms no less favorable to the affected Fund, parallel investment vehicle, or portfolio company than would be obtained on an arm's length basis, and (ii) must otherwise not be in violation of the applicable governing agreements. We or the affected Fund's General Partner must submit any matter involving a material conflict

of interest between us, such General Partner, or our affiliates on the one hand and the limited partners and the affected Fund on the other, including any investment by us, such General Partner, or any of our affiliates in any Fund investment, to the affected Fund's advisory committee for its review and approval. In addition, we or the affected Fund's General Partner must submit to the affected Fund's advisory committee for its review and approval (a) any investments that the affected Fund intends to make in companies in which we, such General Partner, or our affiliates have an ownership interest; (b) any investments that we, such General Partner, or our affiliates intend to make in any portfolio companies in which the affected Fund has an ownership interest; and (c) any other material transactions between the affected Fund on the one hand and us, such General Partner, or our affiliates on the other hand.

One of our supervised persons serves as a director of, and a family entity of such supervised person is a minority-interest owner in, a concierge wellness company that, in collaboration with unaffiliated insurance brokers and health service providers, helps generate significant savings primarily for self-insured group medical programs covering hundreds and thousands of employees. The wellness company has many clients. Beginning in 2018, one Fund portfolio company used, and in the future additional Fund portfolio companies may directly or indirectly engage or use, such wellness company (free of charge during the affected Fund's ownership period) to assist unaffiliated insurance brokers and health service providers in evaluating, designing, and implementing self-insured group medical programs that provide enhanced benefits for employees at significantly reduced costs for such portfolio companies and that, as a result, create substantial unrealized value for equity owners, including the affected Fund's investors. Portfolio companies will not, during the affected Fund's ownership period, be charged for the wellness company's services. Quarterly Fund investor reports identify each portfolio company that engages or uses the wellness company.

## Item 12: Brokerage Practices

### **BROKERAGE POLICIES**

While the General Partner of a Fund has the authority, pursuant to such Fund's partnership agreement, to select or recommend brokers to such Fund, neither we nor the General Partner expect to select or recommend broker-dealers or other counterparties in connection with a Fund's investments.

### **ALLOCATION OF INVESTMENT OPPORTUNITIES**

During a Fund's commitment period, we and such Fund's General Partner must offer such Fund any investment opportunity available to us or our principals if such opportunity meets the investment criteria of such Fund; *provided* that this requirement generally will not apply (i) after the creation of a "competing partnership" in accordance with the terms and conditions of such Fund's partnership agreement; (ii) to any investment of a type or size that has been determined by such Fund's advisory committee to be inappropriate for such Fund; or (iii) to any investment of a prior investment vehicle's remaining capital commitments or in a portfolio company owned by a prior investment vehicle. In offering co-investment opportunities to third parties (including Fund limited partners), we consider many factors as discussed in **Item 11** above. Neither we nor our affiliates are required to offer or otherwise make available co-investment opportunities to any or all Fund limited partners.

### Item 13: Review of Accounts

#### REVIEWS OF ACCOUNTS

The Firm's Investment Committee and investment personnel review valuations of Fund investments at least quarterly. As described in **Item 10** above, certain of our employees, officers, agents, and affiliates serve as directors, officers, or committee members on portfolio companies in which the Fund invests or may sometimes be involved in certain activities of such companies. In connection with such activities, we or our affiliates monitor portfolio companies or the performance thereof. With respect to accounting matters, the Firm's senior accounting personnel, currently including a controller and chief financial officer, prepare and review Fund financial statements and investor capital accounts at least quarterly, and a nationally-recognized, independent public accounting firm conducts annual audits of each Fund's year-end financial statements.

In 2017, Fund I engaged SS&C Technologies, Inc. ("SS&C") for agreed Fund accounting and financial reporting services. SS&C's annual fees equal a base rate plus incremental fees based on the number of such Fund's platform investments. Such fees represent partnership expenses payable by Fund I in accordance with the Fund's partnership agreement.

Fund II is currently self-administered by Firm personnel at the Firm's expense. Fund II from time to time evaluates proposals from potential Fund administrators and may engage an administrator for some or all of its Fund accounting and / or Fund administration requirements in the future.

#### REPORTS TO INVESTORS

Fund investors are provided quarterly unaudited financial statements and annual audited financial statements. After the close of each taxable year, investors are provided certain tax information in connection with the preparation of their federal income tax returns. All such reports are in writing. In addition, we conduct annual informational meetings for Fund limited partners. To the extent required in side letters or arrangements with certain Fund limited partners, we may provide additional information to such limited partners that is not distributed to other Fund limited partners.

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

### **THIRD-PARTY COMPENSATION**

Except as set forth below, neither we nor any of our affiliates receive any economic benefit from any person (other than the Funds) for providing investment advice or other advisory services to the Funds. Portfolio companies may pay certain fees to our affiliates, including (among others) fees related to financial advisory services (i.e., advice relating to an entity's financial or capital structure rather than investments) and company monitoring activities. These financial advisory services are not intended to be "investment advisory" in nature and are separate and apart from our investment advisory activities. Our affiliates may also earn fees (such as break-up or topping fees) in connection with any transaction that is not consummated. Obligations of a Fund with respect to fees payable by any portfolio company that is jointly owned by one or more investment vehicles affiliated with us will be prorated, prospectively following such joint investment, between the applicable investment vehicle based on their respective capital invested in the portfolio company. Specified types of fees received will be applied first to pay all unreimbursed Fund expenses related to abandoned deals, and a percentage of any such remaining net fees will be credited against Fund management fees, as described in the applicable offering and governing documents.

### **REFERRALS**

The Funds are our only clients. They were not referred to us under any referral agreement or arrangement. Fund I used, and Fund II currently uses, a third-party private placement agent to solicit and refer prospective qualified Fund investors. The fees paid to the third-party private placement agent under such engagements have averaged from 1% to 2% of the capital commitments of all investors. Each Fund pays its own respective placement fees and related interest expense, but such fees and interest are offset on a dollar-for-dollar basis against the management fees payable to Firm affiliates as described in **Item 5** above.



## Item 15: Custody

### QUALIFIED CUSTODIANS

Due to our affiliation with the General Partners, we are deemed to have custody of the Funds' cash and securities for purposes of Rule 206(4)-2 under the Advisers Act. Accordingly, the Funds' cash and securities generally will be maintained at one or more qualified custodians to the extent required by the rule. We or the General Partners are, as applicable, responsible for selecting the qualified custodians with respect to the Funds and may change custodians at any time and from time to time without the consent of, or notice to, investors. The names of the custodians currently engaged with respect to the Funds are set forth in Section 7.B of Schedule D of Part 1 of our Form ADV. In general and to the extent required by law, independent public auditors will conduct annual audits of each Fund, and audited financial statements will be provided to investors on an annual basis. Such statements generally are provided to investors within 90 days, as applicable, after the end of each fiscal year, but there can be no assurance that this will occur. Qualified custodians do not provide statements directly to investors in the Funds.

## **Item 16: Investment Discretion**

### **DISCRETIONARY AUTHORITY**

We provide investment advisory services and investment supervisory services to each Fund and its General Partner with respect to the types and amounts of investments to be bought or sold on behalf of the respective Fund. Pursuant to a Fund's partnership agreement, the General Partner of such Fund is ultimately responsible for making decisions with respect to the acquisition or disposition of such Fund's investments. As described in **Item 10** above, the investment advisory services provided by each General Partner are subject to our supervision and control.

### **LIMITED POWER OF ATTORNEY**

Each Fund investor generally grants the General Partner of such Fund a limited power of attorney to enable such General Partner to execute the applicable partnership agreement (and certain other limited actions) on its behalf.

## Item 17: Voting Client Securities

### VOTING POWER AND PROXIES

While a Fund's General Partner has proxy voting authority with respect to such Fund, we generally do not expect, due to the nature of such Fund's investments, that such General Partner will be called upon to vote such Fund's securities. We do not have direct proxy voting authority with respect to any Fund. If a Fund's General Partner is called upon to vote securities, such General Partner will comply with the proxy voting policies and procedures set forth in our compliance manual. In general, proxy proposals, amendments, consents, or resolutions are required to be voted by a Fund's General Partner in a manner that serves the best interests of such Fund. In addition, a Fund's General Partner is required to identify all material conflicts of interest between its interests and those of such Fund. Where a material conflict of interest is identified, a Fund's General Partner generally must submit its proxy voting decision to such Fund's advisory committee for review and approval before voting such proxy. A Fund's General Partner may determine not to vote proxies in respect of securities if such General Partner determines that it would be in such Fund's overall best interest not to vote. Except with respect to a Fund's advisory committee, investors generally may not direct or otherwise influence votes with respect to any particular proxy solicitation. Clients may obtain copies of our proxy voting policy, together with information regarding how a General Partner has voted past proxies, by contacting us.

## Item 18: Financial Information

Not applicable.

## **General Information**

### **PRIVACY POLICY**

We have adopted policies and procedures that we believe to be reasonably designed to protect various records and information of investors. Subject to certain exceptions, non-public personal information about investors is disclosed only as permitted by applicable law to our affiliates and service providers, including our accountants, attorneys, brokers, custodians, transfer agents, and any other parties whose services are necessary or convenient to the operation of a Fund.