Cercano Management LLC

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Form ADV Part 2A | Firm Brochure

November 2021

This brochure provides information about the qualifications and business practices of Cercano Management LLC (the "**Adviser**"). If you have any questions about the contents of this brochure, please contact Chris Orndorff, 425-532-3705, c1678@cercanolp.com, or Omar Vasquez, Associate General Counsel and Chief Compliance Officer, 206-514-1763, omarv@cercanolp.com. 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.

Any reference to the Adviser as a registered investment adviser does not imply a certain level of skill or training.

Additional information about the Adviser is available on the SEC's website at www.adviserinfo.sec.gov.

ITEM 2. MATERIAL CHANGES

This is the initial filing of the Adviser's ADV Part 2A.

ITEM 3. TABLE OF CONTENTS

ITEM 4. ADVISORY BUSINESS

Cercano Management LLC, a Delaware limited partnership (the "**Adviser**"), was formed in November 2020 to perform investment advisory services to clients. Cercano Management GP LLC, a Delaware limited liability company, serves as the Adviser's General Partner. Christopher Orndorff is the Adviser's principal owner.

The Adviser currently offers investment advisory services to separately managed account clients ("Managed Accounts" and each a "Managed Account") and private investment vehicles ("Funds" and each a "Fund", and together with the Managed Accounts, "Clients" and each a "Client"). The Adviser invests across multiple asset classes for its Clients and manages and advises the asset allocation of such Clients. The Adviser views asset allocation for its Clients very broadly, incorporating non-financial assets that Clients may hold. Client portfolios are typically designed to include both liquid securities (stocks and bonds) and alternative investments (private equity, venture capital, commercial real estate, and private credit), on a global basis. The Adviser also utilizes other third-party investment managers to manage Client assets.

Terms of investments, including client objectives, limitations and strategies are governed exclusively by the terms of the applicable private placement memorandum, operating agreement, and/or investment management agreement ("**Governing Documents**"). Managed Accounts may impose restrictions on investing in certain securities or types of securities. Investors in a Fund ("**Investors**" and each an "**Investor**") generally cannot impose additional investment guidelines, restrictions, or other requirements on the Fund. The Adviser may enter into side letter agreements with certain Investors. Side letters would be negotiated prior to investment and may establish rights that supplement or alter the terms of the Fund's Governing Documents. Such rights may not be available to other Investors.

The Adviser does not participate in wrap fee programs.

As of September 30, 2021, the Adviser managed approximately $7,729,304,129 in regulatory assets on a discretionary basis. The Adviser does not manage any assets on a non-discretionary basis.

ITEM 5. FEES AND COMPENSATION

The Adviser charges investment management fee as a percentage of assets under management. Fees are typically deducted from Client accounts on a monthly basis, in arrears, and are calculated based on the market value of the Client account.

The Adviser charges a performance-based fee to its Clients. The performance-based fee is deducted from client accounts on an annual basis, or as investment profits are realized ("American waterfall"), depending on the product.

The Clients are "qualified purchasers" as defined in Section 2(a)(51)(A) of the Investment Company Act of 1940, as amended (the "Investment Company Act"). Therefore, information on how the Adviser is compensated for its advisory services and its fee schedule is not included here. The specific fees charged by the Adviser varies and is established and disclosed in a written agreement with the Adviser.

The Adviser's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses that may be incurred by Clients, including certain charges imposed by custodians, brokers, and other third parties. Mutual funds, exchange traded funds (ETFs) and private funds charge management fees, which are disclosed in the applicable fund's prospectus or offering memorandum. Such charges, fees and commissions are exclusive of and in addition to the Adviser's management fee, and the Adviser does not receive any portion of such fees, and costs.

The Funds' will also bear organizational and ongoing expenses, and each Fund is responsible for its own costs and expenses. Such expenses include, without limitation, research expenses, trading costs and expenses (such as brokerage commissions, expenses related to short sales and clearing and settlement charges), and, if applicable with respect to the particular type of client, custodial and bank fees, recordkeeping, taxes, legal, audit, accounting, bookkeeping, insurance, professional, expert and consulting fees and expenses, and, the fees and expenses charged by the Fund's administrator for its accounting, bookkeeping and other services. Investors should consult each Fund's governing documents for a complete list of such fees and expenses.

Neither the Adviser nor its supervised persons are compensated for the sale of securities or other investment products.

ITEM 6. PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

The Adviser charges performance-based fees as discussed in Item 4 above. Performance-based fees may create an incentive for the Adviser to cause a Client to make investments that are riskier or more speculative than would be the case if there were no performance-based fee. In addition, if Clients are charged different performance-based fees, this presents a potential conflict of interest because the Adviser may have an incentive to allocate more favorable investment opportunities to one Client than another Client. To address these potential conflicts of interest, the Adviser manages each Client in accordance with the Client's Governing Documents so that Clients are aware of the applicable investment strategy, restrictions, and risks.

To mitigate the risk of favoring certain Client accounts or investments over others, the Adviser has implemented various measures to address these potential conflicts and side-by-side management of assets. The Adviser endeavors to allocate investment opportunities among Clients in a fair and equitable manner, in accordance with each Client's Governing Documents and the Adviser's allocation policies and procedures.

ITEM 7. TYPES OF CLIENTS

The Adviser provides investment advisory services to ultra-high-net-worth individuals and their families, family offices, trusts and estates through Managed Accounts and/or the Funds. The Adviser provides investment advisory services to other entities related to high-net-worth individuals and their families, such as charitable foundations.

Generally, the Adviser requires a minimum dollar value of $100 million to establish a Client account. The Adviser may, at any time, waive that minimum in its sole discretion and accept a lesser amount.

ITEM 8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

The Adviser provides asset allocation services to its Clients. In conjunction with that asset allocation service, the Adviser manages a public equity strategy, a private equity strategy, a private credit strategy, and a venture capital strategy. All strategies are global, incorporating investments in the United States and around the world. Clients may elect to have a separately managed account with a more regional focus.

Investing in securities involves risk of loss that Clients should be prepared to bear. Below are brief summaries of some of the risks that Clients should consider before investing in any Client account that the Adviser manages. Any or all of these risks could materially and adversely affect investment performance, the value of a Client account or any security held by that Client account and could cause Clients to lose substantial amounts of money. Prospective Clients should carefully review the applicable investment management agreement. A prospective Client should discuss with the Adviser's representatives any questions that such person may have before investing.

- <u>Market Risk.</u> Either the stock market as a whole or the value of an individual security, goes down resulting in a decrease in the value of Client investments. This is also referred to as systemic risk.

- <u>Economic Conditions</u>. Changes in economic conditions, including, for example, interest rates, credit availability, inflation rates, industry conditions, government regulation, competition, technological developments, political and diplomatic events and trends, tax and other laws and innumerable other factors, can affect a Client's investments and prospects materially and adversely. None of these conditions is within the Adviser's control, and the Adviser may not anticipate these developments. These factors may affect the volatility of securities prices and the liquidity of a Client's investments. Unexpected volatility or illiquidity could impair a Client's profitability or result in losses.

- <u>Equity Risk.</u> Common stocks are susceptible to general stock market fluctuations and volatile increases and decreases in value as market confidence in and perceptions of their issuers change.

- <u>Non-U.S. Investments.</u> Risks include, but are not limited to, less public information available regarding non-U.S. issuers, limited liquidity of non-U.S. securities and political risks associated with the countries in which non-U.S. securities are traded and the countries where non-U.S. issuers are located. These non-U.S. economies may differ unfavorably from the U.S. economy in gross national product growth, inflation rate, savings rate and capital reinvestment, resource self-sufficiency and balance of payments positions, and in other respects. The Adviser may invest in securities of non-U.S. governments (or agencies or subdivisions thereof), and some or all of the foregoing considerations also may apply to those investments.

    - <u>Developing Countries.</u> The risks of non-U.S. investments typically are greater in less developed countries, sometimes referred to as emerging markets. For example, political and economic structures in these countries may be less established and may change rapidly. These countries also are more likely to experience high levels of inflation, deflation or currency devaluation, which can harm their economies and securities markets and increase volatility. Restrictions on currency trading that may be imposed by developing countries will have an adverse effect on the value of the securities of companies that trade or operate in such countries.

- Company Risk. When investing in any public or private equity security, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk or idiosyncratic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry.

- Fixed Income Risk. When investing in bonds or private credit, there is the risk that issuer will default on the debt and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.

    - High Yield/High Risk Securities. A Client may invest in securities that are rated below investment grade, or are unrated but that the Adviser determines to be below investment grade quality. Securities rated below investment grade quality are commonly known as "high yield/high risk" or "junk bonds." High yield bonds and private credit, while generally offering higher yields than investment grade securities with similar maturities and features, involve greater risks, including the possibility of default or bankruptcy. They are regarded as predominantly speculative with respect to the issuer's capacity to pay interest and repay principal. The price volatility of these securities due to factors such as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity is likely to result in increased fluctuation in a Client's account value, particularly in response to economic downturns. These securities may be illiquid and may be subject to restrictions on resale imposed by certain securities laws.

- Convertible Securities. Convertible securities are hybrid securities that combine the investment characteristics of debt and common stocks. Convertible securities may be issued by public or private companies. Convertible securities typically consist of debt securities or preferred stock that may be converted (on a voluntary or mandatory basis) within a specified period of time (normally for the entire life of the security) into a certain amount of common stock or other equity security of the same or a different issuer at a predetermined price. Convertible securities also include debt securities with warrants or common stock attached and derivatives combining the features of debt securities and equity securities. Other convertible securities with features and risks not specifically referred to herein may become available in the future. Convertible securities involve risks similar to those of both fixed income and equity securities. In a corporation's capital structure, convertible securities are senior to common stock but are usually subordinated to senior debt obligations of the issuer.

- ETF and Mutual Fund. When a Client invests in an ETF or mutual fund, the Client will bear additional expenses based on the Client's pro rata share of the ETF's or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund reflects the risks of owning the underlying securities the ETF or mutual fund holds. The Client will also incur brokerage costs when purchasing ETFs.

- REITS. REITs are companies that invest primarily in income producing real estate or real estate-related loans or interests. Equity REITs invest the majority of their assets directly in real property and derive income primarily from the collection of rents or by selling properties that have appreciated in value. Mortgage REITs invest the majority of their assets in real estate mortgages and derive income from the collection of interest payments. Investing in REITs involves certain unique risks in addition to those risks associated with investing in the real estate industry in general. An equity REIT may be affected by changes in the value of the underlying properties owned by the REIT. A mortgage REIT may be affected by changes in interest rates and the ability of the issuers of its portfolio mortgages to repay their obligations. REITs are dependent upon the skills of their managers and are not diversified. REITs are generally dependent upon maintaining cash flows to repay borrowings and to make distributions to shareholders and are subject to the risk of default by lessees or borrowers. REITs whose underlying assets are concentrated in properties used by a particular industry, such as health care or geographic area, are also subject to risks associated with such industry or geographic area. REITs are also subject to interest rate risk. REITs may have limited financial resources, may trade less frequently and in a limited volume and may be subject to more abrupt or erratic price movements than larger company securities. The value of REITS both currently and for an unknown period of time going forward are and may continue to be negatively impacted by a global pandemic. Commercial real estate exposure may take the form of publicly traded REITS or private funds including private REITS.

- Private Funds. Investment in a private fund involves a high degree of risk and illiquidity. There can be no assurance that a private fund's investment objective will be achieved or that a Client will receive a return of its capital. Investing in securities involves risk of loss that Clients should be prepared to bear as well as limited access to their respective invested assets in the private funds due to certain lock-up periods applied to such private funds. For further information, please refer to the private fund's respective offering documents.

- Private Equity. Investment in private equity involves many of the same types of risks associated with an investment in any operating company. However, securities issued by portfolio funds which themselves invest in private equity investments may be more illiquid than securities issued by other portfolio investments generally, because these partnerships' underlying investments may tend to be less liquid than other types of investments. Attractive investment opportunities in private equity may arise only periodically, if at all.

- Venture Capital. Venture capital investments involve a high degree of business and financial risk that can result in substantial losses. The most significant risks are the risks associated with investments in: (i) companies in an early stage of development or with little or no operating history; (ii) companies operating at a loss or with substantial fluctuations in operating results from period to period; and (iii) companies with the need for substantial additional capital to support or to achieve a competitive position. Investments in emerging growth companies involve substantial risks, as these companies often experience unexpected problems in the areas of product development, manufacturing, marketing, financing and general management, which, in some cases, cannot be adequately solved. In addition, such companies typically have obtained capital in the form of debt and/or equity to expand rapidly, reorganize operations, acquire other businesses or develop new products and markets. These activities by definition involve a significant amount of change in a company and could give rise to significant problems in sales, manufacturing and general management of these activities. In addition, these companies may (a) be operating at a loss or have significant variations in operating results, (b) require substantial additional capital to support their operations, finance expansion or maintain their competitive position, (c) rely on the services of a limited number of key individuals, and the loss of any could significantly adversely affect a company's performance, (d) face intense competition, including competition from companies with greater financial resources, more extensive development, manufacturing, marketing and other capabilities, and a larger number of qualified management and technical personnel, and (e) otherwise have a weak financial condition or be experiencing financial difficulties that could result in insolvency, liquidation, dissolution, reorganization or bankruptcy of the relevant company.

- <u>Commodity Related Investment Risk.</u> The risks of investing in commodities, including investments in companies in commodity-related industries may subject an account to greater volatility than investments in traditional securities. The potential for losses may result from changes in overall market movements or demand for the commodity, domestic and foreign political and economic events, adverse weather, discoveries of additional reserves of the commodity, embargoes and changes in interest rates or expectations regarding changes in interest rates.

- <u>Currency Risk.</u> Fluctuations in exchange rates between the U.S. dollar and foreign currencies, or between various foreign currencies, may negatively affect a Client's investment performance.

- <u>Counterparty Risk.</u> A Client may be subject to the risk that the other party to an investment contract, such as a derivative (e.g., ISDA Master Agreement) or a repurchase or reverse repurchase agreement, will not fulfill its contractual obligations or will not be capable of fulfilling its contractual obligations due to circumstances such as bankruptcy or an event of default. Such risks include the other party's inability to return or default on its obligations to return collateral or other assets as well as failure to post or inability to post margin as required applicable credit support agreement.

- <u>Derivatives Risk.</u> Use of derivative instruments involves risks different from, or possibly greater than, the risks associated with investing directly in securities and other traditional investments and could increase the volatility of a Client's account and cause losses. Risks associated with derivatives include the risk that the derivative is not well correlated with the security, index or currency to which it relates; the risk that derivatives may result in losses or missed opportunities; the risk that a Client will be unable to sell the derivative because of an illiquid secondary market; the risk that a counterparty is unwilling or unable to meet its obligation; and the risk that the derivative transaction could expose the Client to the effects of leverage, which could increase the Client's exposure to the market and magnify potential losses, particularly when derivatives are used to enhance return rather than offset risk. There is no guarantee that derivatives, to the extent employed, will have the intended effect, and their use could cause lower returns or even losses. The use of derivatives to hedge risk may reduce the opportunity for gain by offsetting the positive effect of favorable price movements.

    - <u>Swaps, Options, Futures and Other Derivatives.</u> A Client may use both exchange-traded and over-the counter derivatives, including, but not limited to, options, futures, forwards, swaps and contracts for difference. These instruments can be highly volatile and expose a Client to a high risk of loss. The low initial margin deposits normally required to establish a position in such instruments permit a high degree of leverage.

As a result, depending on the type of instrument, a relatively small change in the price of the contract may result in a profit or a loss that is high in proportion to a Client's funds actually placed as initial collateral and may result in unquantifiable further loss exceeding any collateral deposited. These changes are extremely difficult to predict.

- Hedging Strategies. Hedging strategies usually are intended to limit or reduce investment risk, but also can limit or reduce the potential for profit and may increase a Client's transaction costs, interest expense and other costs and expenses. Options and futures trading, other derivatives trading, short sales, hedging and other techniques and strategies may result in material losses for a Client.

- Short Sales. A short sale results in a gain if the price of the securities sold short declines between the date of the short sale and the date on which securities are purchased to replace those borrowed. A short sale results in a loss if the price of the securities sold short increases. Any gain is decreased, and any loss is increased, by the amount of any payment, dividend or interest that a Client may be required to pay with respect to the borrowed securities, offset (wholly or partly) by short interest credits. In a generally rising market, a Client's short positions may be more likely to result in losses because securities sold short may be more likely to increase in value. A short sale involves a finite opportunity for appreciation, but a theoretically unlimited risk of loss.

- General Risks of Leverage. A Client may use leverage by reinvesting short sale proceeds, borrowing on margin, investing in options and futures, entering into swaps and other derivative contracts and employing other leveraging strategies. Such leverage increases the risk of loss and volatility. In addition, the use of leverage requires a Client to pledge its assets as collateral. Margin calls or changes in margin requirements can cause a Client to be required to pledge additional collateral or liquidate its holdings, which could require a Client to sell portfolio securities at substantial losses that it otherwise would not realize.

- Management Risk. A Client's investment with the Adviser varies with the success and failure of the Adviser's investment strategies, research, analysis and determination of portfolio securities. If the Adviser's investment strategies do not produce the expected returns, the value of the Client's investment will decrease.

- Cybersecurity. Investing involves various operational and "cybersecurity" risks. These risks include both intentional and unintentional events at the Adviser or one of its third-party counterparties or service providers, that may result in a loss or corruption of data, result in the unauthorized release or other misuse of confidential information, and generally compromise the Adviser's ability to conduct its business. A cybersecurity breach may also result in a third-party obtaining unauthorized access, accounts numbers, account balances, and account holdings. The Adviser has established business continuity plans and risk management systems designed to reduce the risks associated with cybersecurity breaches. However, there are inherent limitations in these plans and systems, including that certain risks may not have been identified, in a large part because different or unknown threats may emerge in the future. As such, there is no guarantee that such efforts will succeed, especially because the Adviser does not directly control the cybersecurity systems of our third-party service providers. There is also a risk cybersecurity breaches may not be detected.

- Force Majeure. A Client may be adversely affected by unforeseen events involving such matters as political crises, military actions, terrorist attacks, natural disasters, public health issues (including viral outbreaks and global pandemics), changes in currency exchange rates or interest rates, forced redemptions of securities or acquisition proposals, regulatory intervention or general market conditions creating illiquidity or pricing anomalies or value impairment.

ITEM 9. DISCIPLINARY INFORMATION

The Adviser and its supervised persons have no reportable disciplinary events to disclose.

ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

The Adviser and its management persons are not registered and do not have any application pending to register as a broker-dealer, a registered representative of a broker dealer, a futures commission merchant, a commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

The Adviser recommends or selects other investment advisers for Client accounts. The Adviser does not receive direct or indirect compensation from those third-party advisers and has no other business relations with such advisers that it believes would create a conflict of interest.

ITEM 11. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

ITEM 11.A. CODE OF ETHICS GENERALLY

The Adviser's principals, partners, officers, and employees are subject to the Adviser's Code of Ethics (referred to herein as the "Code"). The Code outlines the Adviser's policies and procedures regarding standards of conduct and personal investment transactions. The Code contains several restrictions and procedures designed to eliminate conflicts of interest surrounding personal investment transactions of the Adviser's personnel, and their related persons, including: (1) quarterly reporting of non-exempt personal securities transactions that were transacted during the quarter; (2) initial and annual holdings reports; (3) a prohibition against personally acquiring securities in an initial public offering or a new issue offering without prior approval; (4) a prohibition against purchasing securities of a private placement without prior approval; and (5) a prohibition against acquiring any security which is subject to firm-wide restriction without prior approval.

Unless specifically permitted in the Code, the Adviser's principals, partners, officers, and employees may not effect for themselves or for their immediate family (i.e., spouse, minor children, and adults living in the same household as the Employee) any transactions in a security which is being actively purchased or sold, or is being considered for purchase or sale on behalf of any of the Clients, until the conclusion of trading for client accounts or decision has been made not to purchase or sell such security.

The Adviser also has adopted an insider trading policy. The insider trading policy prohibits the Adviser's principals, partners, officers, directors and employees from buying or selling securities either for themselves or on behalf of others, including Clients, while in possession of material, non-public information about the company that violate applicable securities laws. The insider trading policy also prohibits the communication of material, non-public information about a company to others who have no official need to know. Depending on the circumstances surrounding the information received, the Adviser may conclude to place the issuer on the firm-wide "Restricted Securities List," which would bar any purchases or sales of the issuer's securities by any of the Adviser's personnel (including any related person).

A copy of the Adviser's Code will be provided to any Client or prospective Client upon request by contacting Omar Vasquez, Associate General Counsel and Chief Compliance Officer. Contact information is provided on the cover page of this Brochure.

ITEM 12. BROKERAGE PRACTICES

The Adviser has full discretion to determine which investments to purchase and sell on behalf of the Clients. When selecting the brokers and/or dealers, or FCMs, through whom transactions for a Client is executed, the Adviser will allocate those transactions to such brokers, dealers or FCMs for execution on such markets, at such prices and at such brokerage commission rates, mark ups or mark downs (which may be in excess of the prices or rates that might have been charged for execution on other markets or by other brokers, dealers or FCMs) as in the Adviser's good faith judgment are appropriate, subject to the Adviser's duty to seek best execution. When selecting broker-dealers or FCMs to execute transactions, the Adviser considers best execution capabilities, including, but not limited to, price/yield competitiveness, execution capability and quality, reasonableness of commission rates, market impact, financial responsibility, operational efficiency, responsiveness, knowledge of the relevant asset class/sector/specific security in which the firm is transacting business, availability of institutional share classes, and other factors deemed appropriate in providing the best overall service and value to the Clients.

Section 28(e) of the Securities Act of 1934, as amended, provides a "safe harbor" to investment advisers who use commission dollars of their advised accounts to obtain investment research and brokerage services that provide lawful and appropriate assistance to the adviser in performing investment decision-making responsibilities. The Adviser receives soft dollar credits on transactions with brokers and FCMs or direct a broker or FCM that executes transactions to share some of its commissions with a broker or FCM that provides soft dollar benefits to the Firm. The Adviser has a commission sharing agreement (CSA) in place with Northern Trust and is the primary process in which the Adviser pays for "research" materials. Under this arrangement, the Adviser will pay for products and services with funds generated in the CSA. The CSA account is accumulated through collections of additional commissions by its outsourced trading partner. Amounts paid to brokers through the account will be negotiated between the Adviser and the broker-dealer.

Soft dollar transactions cause a Client to pay a brokerage commission that exceeds that which another broker or FCM might charge for effecting the same transaction in recognition of the value of the brokerage, research, other services and soft dollar relationships provided by that broker or FCM. In acquiring services or products using soft dollars, the Adviser has an incentive to cause the Clients to pay higher compensation, use different brokers or FCMs, and effect more transactions than it might otherwise do, possibly at the Clients' expense. However, the Adviser uses soft dollars only to acquire services and products that constitute "research" and "brokerage" within the meaning of Section 28(e).

During the last fiscal year, the Adviser has acquired research services with soft dollars. Section 28(e) defines brokerage and research services to include: (i) furnishing advice, either directly or through publications or writings, as to the value of securities, the advisability of investing in, purchasing or selling securities, and the availability of securities or purchasers or sellers of securities; (ii) furnishing analyses and reports concerning issuers, industries, securities, economic factors and trends, portfolio strategy and the performance of accounts; and (iii) performing services in effecting securities transactions and functions incidental thereto (such as clearance, settlement and custody) or required in connection therewith by rules of the SEC or a self-regulatory organization.

When a transaction is suitable for more than one Client, the Adviser will act in a fair and reasonable manner in allocating investment and trading opportunities among Clients. The Adviser is not obligated to purchase or sell for each Client every security which the Adviser may purchase or sell for the accounts of other Clients, if such a transaction or investment appears unsuitable, impractical or undesirable for a Client. When the Adviser allocates an investment to more than one Client, the Client accounts may be traded on a pro-rata basis based on actual or estimated capital, taking into consideration various factors. The Adviser may consider some or all of the following factors in making allocation decisions among Clients: different mandates, investment objectives, investment guidelines, risk parameters or leverage targets among Clients; availability of funds including timing of cash inflows and outflows; current leverage; total portfolio investment position; total portfolio risk exposure; hedging needs; risk profile; investment objectives; deal size; trading opportunity size; and rounding.

When the Adviser must execute a transaction on behalf of more than one Client account, it is the Adviser's policy to aggregate trades whenever possible to achieve equal pricing across the Client accounts and to reduce transaction costs. When it does so, the Adviser will generally allocate the proceeds of those transactions (and the related transaction expenses) among the participants on an average price basis (although it may allocate partially filled orders differently). The Adviser may choose not to aggregate trades in avoidance of a perceived or actual conflict of interest, provided that Clients are treated fairly and equitably over time.

Due to the complex nature of soft dollar arrangements, the approval of the CCO is required prior to obtaining any product or service with soft dollars. The CCO will also review the Firm's use of soft dollars on no less than a semi-annual basis.

ITEM 13. REVIEW OF ACCOUNTS

Client accounts are reviewed for investment performance, consistency of investment objectives and appropriateness to the current economic outlook on a quarterly basis by the Chief Investment Officer. The Chief Investment Officer is in charge of asset allocation. Public equities are managed by the portfolio team, which consists of Chris Orndorff, Elizabeth Bernstein, and a rotating member of the public equity team. Private credit is managed by a portfolio team of Elizabeth Goodrich, Albert Hwang, and Sean Lobo. The investment committee for private equity and venture capital consists of YB Choi, Albert Hwang, Stuart Nagae, and Chris Orndorff.

Clients receive reports each quarter, providing investment results, asset allocation, a summary of portfolio composition, and an economic outlook.

ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION

The Adviser does not receive a direct economic benefit from any third party for providing investment advice or other advisory services to any client.

The Adviser does not currently compensate any person, directly or indirectly, for Client referrals.

ITEM 15. CUSTODY

The Adviser is deemed to have custody of each Fund for purposes of Rule 206(4)-5 under the Advisers Act. The Adviser has engaged an independent public accounting firm that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board to conduct an annual audit of each Fund and written audited financial statements (prepared in accordance with generally accepted accounting principles) are provided annually to investors. The Adviser attempts to provide (or cause one or more other persons to provide or furnish) such audited financial statements to investors within 120 (or 180 days for any Fund that operates as a fund of fund) (or such other time period required by law) after the end of each Fund's fiscal year. Qualified custodians do not provide account statements directly to investors in the Funds. The Adviser has custody of certain Managed Accounts due to its ability or authority to obtain possession of such Managed Accounts funds and securities. The Adviser will obtain on an annual basis a surprise exam by an independent public accountant. Managed Accounts receive at least quarterly statements from the broker/dealer, bank or other qualified custodian that holds and maintains the Managed Account's investment assets. The Adviser urges each Managed Account to carefully review such statements and compare custodial records to the account statements provide by the Adviser. The Adviser's statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

ITEM 16. INVESTMENT DISCRETION

The Adviser buys and sells assets for Client accounts on a discretionary basis, in accordance with the investment management agreement for the respective Client and the investment objectives and restrictions set forth in the Client's Governing Documents adopted in connection therewith. These investment objectives and restrictions, if any, will be determined at the commencement of the account. The authority for the Adviser to exercise discretion is generally contained within the investment management agreements.

ITEM 17. VOTING CLIENT SECURITIES

To the extent the Adviser has discretion to vote the proxies on behalf of a Client and in the absence of specific voting guidelines provided by the Client, the Adviser will vote proxies in accordance with the Adviser's proxy voting guidelines. In voting proxies, the Adviser seeks to maximize the economic value of Client assets by casting votes in a manner that the Adviser believes to be in the best interest of a Client. The Adviser may determine to abstain from voting a proxy if it believes that such action is in the best interests of a particular Client. In determining whether a specific proposal is in the best interests of a particular Client, the Adviser may take into account the following factors, among others: (a) management of the issuer's views and recommendations on such proposal; (b) whether the proposal may have the effect of entrenching existing management and/or making management less responsive to shareholders' concerns (*e.g.*, instituting or removing a poison pill, classified board of directors and/or other anti-takeover measure); and (c) whether the Adviser believes that the proposal will fairly compensate management for its and/or the issuer's performance. If the Adviser deems that the issue being voted upon is not material for a Client or the Adviser determines that the cost of voting a proxy would exceed the expected benefit to the Client, the Adviser will not be obligated to vote on such matter.

In the event of a material conflict of interest, the Adviser will determine whether it is appropriate to disclose the conflict to affected Clients and give Clients the opportunity to vote the proxies in question themselves (except for an ERISA Client that has in writing reserved the right to vote proxies when the Adviser has determined that a material conflict exists). The Adviser may also abstain from voting, delegate the voting decision for such proxy proposal to an independent third party to determine how the proxies should be voted, or take any other course of action that, in the opinion of the Adviser, adequately addresses the potential for conflict.

Clients may obtain additional information regarding how the Adviser voted proxies and may obtain a copy of the Adviser's proxy voting policies and procedures by contacting Omar Vasquez, Deputy General Counsel and Chief Compliance Officer. Contact information is provided on the cover page of this Brochure.

ITEM 18. FINANCIAL INFORMATION

ITEM 18.A. BALANCE SHEET

The Adviser does not require or solicit prepayment of more than $1,200 in fees per client, six months or more in advance.

ITEM 18.B. FINANCIAL CONDITION

The Adviser is not aware of any financial condition that is reasonably likely to impact its ability to meet its contractual commitments to clients.

ITEM 18.C. BANKRUPTCY PETITIONS

The Adviser has never filed for bankruptcy.