

INVESTMENT ADVISER BROCHURE

WEST RIM CAPITAL ASSOCIATES II, L.P.

**West Rim Capital Associates II, L.P.
2801 N Thanksgiving Way, Suite 200
Lehi, Utah 84043
<http://www.sorensoncapital.com>**

March 2022

This Investment Adviser Brochure (“Brochure”) provides information about the qualifications and business practices of West Rim Capital Associates II, L.P. If you have any questions about the contents of this Brochure, please contact us at (801) 407-8400. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state authority.

West Rim Capital Associates II, L.P. is an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”). However, such registration does not imply a certain level of skill or training.

Additional information regarding West Rim Capital Associates II, L.P. is also available on the SEC’s website at www.adviserinfo.sec.gov.

TABLE OF CONTENTS

	<u>Page</u>
Material Changes	ii
Advisory Business	3
Fees and Compensation	3
Performance-Based Fees and Side-By-Side Management	6
Types of Clients	7
Methods of Analysis, Investment Strategies and Risk of Loss	7
Disciplinary Information	19
Other Financial Industry Activities and Affiliations	19
Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	20
Brokerage Practices	21
Review of Accounts	23
Client Referrals and Other Compensation	23
Custody	24
Investment Discretion	24
Voting Client Securities	24
Financial Information	24

MATERIAL CHANGES

This Brochure contains no material updates since the last annual amendment of this Brochure, dated March 31, 2021.

ADVISORY BUSINESS

West Rim Capital Associates II, L.P., the registered investment advisory firm (the “**Adviser**”), is a Delaware limited partnership. The Adviser is affiliated with the investment advisers described below under Other Financial Industry Activities and Affiliations and (collectively, the “**Managers**”). The Managers were formed to provide “investment supervisory services” to their clients, which consist of private investment-related funds that are organized as Delaware Limited Partnerships and a Limited Liability Company (together with any future private investment fund, the “**Funds**”). Affiliates of the Adviser serve as General Partners to the Funds. The Funds’ General Partners have the authority to make all investment decisions for the Funds. The General Partners of the Funds have delegated the day-to-day investment advisory services to certain of the Managers, as described in each Fund’s Private Placement Memorandum and Limited Partnership Agreements (together, the “**Fund Documents**”). The Managers are subject to the Advisers Act pursuant to the Adviser’s registration in accordance with SEC guidance. This Brochure also describes the business practices of the Managers, which operate as a single advisory business (the “**Firm**”).

The Funds are expected to invest through negotiated transactions in operating entities. The Managers’ investment advisory services to the Funds consist of identifying and evaluating investment opportunities, negotiating investments, managing and monitoring investments and achieving dispositions for such investments. From time to time, the managing directors or other personnel of the Managers or their affiliates may serve on a portfolio company’s board of directors or otherwise act to influence management of companies held by the Funds.

The Managers’ advisory services are detailed in the applicable Fund Documents and are further described below under “Methods of Analysis, Investment Strategies and Risk of Loss.” Investors in the Funds participate in the overall investment program for the applicable fund but may be excused from a particular investment due to legal, regulatory or other applicable constraints. The Managers have entered into side letters or other similar agreements (“**Side Letters**”) with specific investors that have the effect of establishing rights under or altering or supplementing the Fund’s Limited Partnership Agreement or an investor’s Subscription Agreement, which include provisions relating to the Management Fee (as defined below) and distributions, other economic terms or fee structures, excuse rights, information rights, or transfer rights. Additionally, as permitted by the relevant Fund Documents, the Managers may provide (or agree to provide) co-investment opportunities (including the opportunity to participate in co-investment vehicles) to certain investors or other persons, including other sponsors.

As of December 31, 2021, the Adviser managed **\$2,101,296,976** in client assets on a discretionary basis. The Adviser is principally controlled by West Rim Capital Advisors, LLC (the “**Ultimate GP**”), which is managed by Ron Mika, Fraser Bullock, Tim Layton, Luke Sorenson, Mark Ludwig, Burke Davis, Brady Broadbent, Ken Elephant, and Rob Rueckert (collectively, the “**Principals**”).

FEES AND COMPENSATION

The following is a general description of fees, compensation, and expenses of the Funds. Differences exist from Fund to Fund, and certain Funds may not charge certain fees, compensation,

or expenses that other Funds charge. The Partnership Agreements of the Funds describe fees, compensation and expenses in greater detail.

With respect to the Funds the Managers may receive an annual management fee and a carried interest. The annual management fee (“**Management Fee**”) is a maximum of 2.5% of aggregate investor capital commitments (“**Commitments**”) payable quarterly in advance (subject to potential reductions due to waivers and offsets under certain circumstances) and commences from the Funds’ initial closing (whether or not an investor was admitted at an initial or subsequent closing). Beginning the earlier of (i) six years after the initial closing date, or (ii) following certain events (as more fully described in the Funds’ partnership agreements (the “**Partnership Agreements**”)); such period hereinafter referred to as the “**Commitment Period**”), the Management Fee shall be reduced to no more than 2.5% (or, for certain Funds, 1.75% if a successor fund has commenced operations) of all investor capital contributions for investments less distributions of such capital and any complete write-offs of portfolio investments. The Management Fee generally will be payable until all portfolio investments are distributed or until the Adviser’s relationship with the Funds are terminated for other reasons (as described in the Partnership Agreements). The Funds’ organizational documents permit the Management Fee to be waived and for the Adviser to receive a credit against capital contributions otherwise owed. In addition, the Adviser will receive a carried interest or performance fee from investors in the Funds up to 25% of all realized profits (as more fully described in the Partnership Agreements). The carried interest distributed to the Adviser is subject to a potential giveback no later than at the end of life of the Funds if the Adviser has received excess cumulative distributions. The Management Fee is paid by the Funds to the applicable Manager for day-to-day investment advisory services for the Funds.

The general calculation for management fees outlined above varies for Sorenson Ventures II (“SV II”). Commencing on the initial closing date and continuing until the sixth anniversary thereof, the Fund pays the General Partner or an affiliate an annual management fee, payable quarterly in advance, equal to 2.5% of the aggregate capital commitments of the limited partners. Commencing with the first management fee due date after the expiration of such six year period or earlier upon the occurrence of certain events as set forth in the Partnership Agreement, the management fee paid to the General Partner or an affiliate for each succeeding annual period will be reduced by 0.25% each annual period (i.e., the annual management fee percentage will be reduced from 2.5% to 2.25%, to 2.00%, and so on); provided that the annual management fee percentage shall not be reduced below 1.5%.

Managers and/or affiliates provide various management and financial analysis services to companies in the Funds’ portfolio and receive compensation (“**Supplemental Fees**”) from these companies in connection with such services. This compensation will, in many cases, offset a portion of the Management Fees paid by the Funds and, in certain cases such as directors’ fees, will be offset against Management Fees up to one hundred percent of the amount received and as further described in the Funds’ Partnership Agreements. However, in other cases (e.g., provision of certain corporate services to a portfolio company and payments to Performance Group Members, as discussed below), this compensation would be in addition to Management Fees, subject to limitations in the Partnership Agreements.

As a matter of practice, the Adviser and/or its affiliates may be paid fees of the type referred to in the preceding paragraph from, on behalf of or with respect to co-investors in an investment. The receipt of such fees will not reduce the Management Fee payable by any Fund(s) that have also invested in such investment, and as a result a Fund will, in most cases, only benefit with respect to its allocable portion of any such fee and not the portion of any fee that relates to such co-investors, which have the potential to be significant.

The Adviser and/or its affiliates are permitted to exempt certain persons from payment of all or a portion of Management Fees and/or carried interest, including personnel or owners of the Adviser or its affiliates, persons with family or other relationships with the Adviser or its affiliates, service providers for the Adviser or its affiliates, or other unaffiliated parties. Any such exemption from fees and/or carried interest may be a direct exemption or rebated by the Adviser and/or its affiliates. Additionally, to the extent permitted by the relevant Partnership Agreement, the Adviser and/or its affiliates have the right to permit investors, affiliated with the Adviser or otherwise, to invest through the Adviser or other vehicles that do not bear Management Fees or carried interest.

It is expected that any future Funds will have a similar fee structure.

The Funds invest on a long-term basis. Accordingly, investment advisory and other fees are expected to be paid, except as otherwise described in the Partnership Agreements, during the term of the Funds and investors generally are not permitted to withdraw or redeem interests in the Funds.

Principals or other current or former employees of the Adviser generally receive salaries and other compensation derived from, and in certain cases including a portion of, the Management Fee, carried interest or other compensation received by the Adviser or its affiliates.

In addition to the Management Fee and carried interest payable to the Managers, the Funds bear certain expenses. As set forth in the Partnership Agreements, the Funds bear all expenses of the Funds that are not reimbursed by portfolio companies, including: legal, auditing, consulting, financing, accounting and custodian fees and expenses; expenses associated with the Funds' financial statements, tax returns and Schedule K-1s; out of pocket expenses incurred in connection with transactions not consummated ("**Broken Deal Expenses**"); expenses of the advisory board (the "**Advisory Board**") composed of representatives of the Funds' investors (collectively, the "**Limited Partners**") and annual meetings of the Limited Partners; insurance; other expenses associated with the acquisition, holding and disposition of its investments, including extraordinary expenses (such as litigation, if any); and any taxes, fees or other governmental charges levied against the Funds. Brokerage fees may be incurred in accordance with the practices set forth in "Brokerage Practices."

In certain circumstances, the Adviser is expected to advance amounts related to the foregoing and receive reimbursement from the Funds to which such expenses relate.

In some cases, a co-investment vehicle may be formed to invest in portfolio companies alongside one or more Funds in connection with the consummation of a transaction, subject to the Managers' related policies and the relevant Partnership Agreement(s) and/or Side Letter(s). Where a co-investment vehicle is formed, such entity often will bear expenses related to its formation and

operation, many of which are similar in nature to those borne by the Funds. In the event that a transaction in which a co-investment was planned, including a transaction for which a co-investment was believed necessary in order to consummate such transaction, ultimately is not consummated, no co-investment vehicle generally will have been formed, and all Broken Deal Expenses relating to such unconsummated transaction generally will be borne by the Fund or Funds selected by the Adviser as proposed investors for such proposed transaction, and not by any prospective co-investors that were to have participated in such transaction, to the extent set forth in the applicable Partnership Agreement. However, to the extent that such co-investors have already invested in a co-investment or other vehicle in connection with such transaction, such vehicle is often expected to bear its share of such Broken Deal Expenses.

Additionally, as described more fully herein and in the applicable Partnership Agreements, under specific circumstances, certain members of the Managers' Performance Group (collectively, "**Performance Group Members**") who may also be employees of the Adviser may provide certain value-added operational services to portfolio companies in which the Funds invest, whether on a one-time or more regular basis, that in many cases would otherwise be performed by third party consultants or other service providers. Such Performance Group Members generally may provide services in relation to the identification, acquisition, holding, improvement and disposition of portfolio companies, including operational aspects of such companies. These services may also include serving in management or policy-making positions for portfolio companies. In connection with such services, the Adviser may be reimbursed for the compensation paid to such Performance Group Members, which may be determined according to one or more methods, including, but not limited to, the value of the time (including an allocation for overhead and other fixed costs) of such Performance Group Members. As set forth in the applicable Partnership Agreements, such reimbursed costs will not offset the applicable Management Fee. The use of Performance Group Members subjects the Managers to conflicts of interest, as discussed under "Conflicts of Interest," below. It should be noted that during 2021 Sorenson no longer had a Performance Group in place. The Managers reserve the right to reestablish the Performance Group in the future, but the reestablishment is not anticipated in the near term.

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As described under "Fees and Compensation," the Adviser receives a carried interest allocation on certain realized profits in the Funds. The Managers also manage accounts that are not charged a performance-based fee, including West Rim Capital Investment Partners II, L.P., Sorenson Capital Investment Partners III, L.P., Sorenson Ventures Investment Partners, L.P., and Sorenson Ventures Investment Partners II, L.P. (employee co-invest vehicles). This practice could present a conflict of interest because the Managers have an incentive to favor accounts for which we receive a performance-based fee.

Additionally, to the extent that the Managers' personnel are assigned varying percentages of carried interest from the Funds, such personnel are subject to potential conflicts of interest, to the extent they are involved in identifying investment opportunities as appropriate for Funds from which they are entitled to receive a higher carried interest percentage.

The Managers seek to address the potential for conflicts of interest in these matters with allocation practices that provide that transactions and investment opportunities will be allocated to

the Funds in accordance with each Fund's investment guidelines and Partnership Agreements (or other governing documents), as well as other factors that do not include the amount of performance-based compensation received by the Managers or any personnel.

The existence of performance-based compensation has the potential to create an incentive for the Adviser to make more speculative investments on behalf of a Fund than it would otherwise make in the absence of such arrangement, although the Adviser generally considers performance-based compensation to better align its interests with those of its investors.

TYPES OF CLIENTS

The Managers provide investment advice to private investment funds, including the Current Funds. Future private investment funds may include investment partnerships or other investment entities formed under domestic or foreign laws and operated as exempt investment pools under the Investment Company Act of 1940, as amended (the "**Investment Company Act**"). The investors participating in the Funds may include individuals, banks or thrift institutions, other investment entities, pension and profit-sharing plans, trusts, estates or charitable organizations or other corporations or business entities and may include, directly or indirectly, principals or other employees of the Managers and their affiliates.

The Funds may include alternative investment vehicles established from time to time in order to permit one or more investors to participate in one or more particular investment opportunities in a manner desirable for tax, regulatory or other reasons. Alternative investment vehicle sponsors generally have limited discretion to invest the assets of these vehicles independent of limitations or other procedures set forth in the organizational documents of such vehicles and the related Fund.

The Funds generally have a minimum investment amount ranging from \$5 million to \$10 million for third-party investors, and the Fund interests are offered and sold solely to accredited investors who are also qualified clients. Such minimum investment amount may be waived by the applicable Manager.

The Adviser has discretion with respect to each Fund investment to determine whether or not there will be co-investors, whether some or all of the limited partners of the investing Fund will be invited to participate as co-investors and the allocation of co-investment opportunities among participants. Various factors influence which investors are invited to invest in co-investment, including the ability of the investor to fund and complete the investment on a timely basis, historically expressed interest in co-investments, alignment of management interests and for strategic or other reasons.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

General

The Adviser has selected its affiliate West Rim Capital Advisors, L.P. ("**West Rim Advisors**") to provide day-to-day investment advisory services to the Funds (other than the venture Fund and any future venture Funds), under the supervision of the Adviser. Sorenson Ventures Advisors, L.P. ("**Sorenson Ventures**") provide day-to-day investment advisory services to the

venture Funds and any future venture Funds. The Managers share common owners and personnel. Accordingly, the Managers' investment methodology is described below.

There can be no assurance that the Managers will achieve the investment objectives of the Funds and a loss of investment may be possible

Investment and Operating Strategy

The Managers seek to provide attractive returns to investors by (i) using their extensive networks to proactively source attractive businesses, (ii) performing in depth deal due diligence by selecting, structuring and appropriately pricing investments, and (iii) actively managing the Funds' investments in conjunction with portfolio company management.

The Funds (other than the venture Fund) historically pursued lower middle-market buyout and growth equity investments, while the venture Fund pursues early-stage venture capital investments. Fund IV, the most recent non venture Fund, is focused primarily on growth equity investments in software.

Fund IV's objective is to generate long-term value for the Fund by (i) leveraging its deep software sector experience and trusted relationships through extensive regional connections to create differentiated investment access in excellent companies, and (ii) driving value creation through a refined and repeated process focused primarily on creating, measuring, and scaling efficient go-to-market capabilities. The Fund sources investments at the intersection of its vertical depth and regional networks.

Sorenson Ventures is an early-stage venture capital fund focused on Enterprise Software and Security investments. The Fund generally targets businesses with less than \$5 million in revenues and seeks to invest \$5 million to \$10 million per company over life of the Fund's investment.

Type of Investments

The Funds invest in operating or financial entities, including other investment entities that invest in operating companies such as partnerships or limited liability companies. Equity-related securities may include preferred stock, warrants, convertible debt or preferred stock, partnership or similar interests in operating entities, options and other derivative type securities. While not its principal focus, the Funds may from time to time invest in cash instruments or short-term debt instruments, including mutual funds which invest in such instruments, pending investment, reinvestment or distribution to its investors. The Funds will hold a substantial portion of its assets in restricted securities, but generally will seek registration rights or other liquidity features in connection with investments to enable it to exit the investment at an appropriate point under the individual circumstances of each investment. The Funds may use leverage in connection with its investments.

Risks of Investment

The Funds and their investors bear the risk of loss that the Managers' investment strategy entails. The risks involved with the Managers' investment strategy and an investment in the Funds include, but are not limited to:

- 1) Business Risks. The Funds' investment portfolio will consist primarily of securities issued by privately held companies, and operating results in a specified period will be difficult to predict. Such investments involve a high degree of business and financial risk that can result in substantial losses.
- 2) Future and Past Performance. The performance of the Principals' prior investments is not indicative of the Funds' future results. While the Managers intend for the Funds to make investments that have estimated returns commensurate with the risks undertaken, there can be no assurances that the targeted internal rate of return will be achieved. On any given investment, loss of principal is possible.
- 3) Investment in Junior Securities. The securities in which the Funds will invest may be among the most junior in a portfolio company's capital structure and, thus, subject to the greatest risk of loss. Generally, there will be no collateral to protect an investment once made.
- 4) Concentration of Investments. The Funds will participate in a limited number of investments and may seek to make several investments in one industry or one industry segment. As a result, the Funds' investment portfolio could become highly concentrated, and the performance of a few holdings may substantially affect its aggregate return. Furthermore, to the extent that the capital raised is less than the targeted amount, the Funds may invest in fewer portfolio companies and thus be less diversified.
- 5) Lack of Sufficient Investment Opportunities. It is possible that the Funds will never be fully invested if enough sufficiently attractive investments are not identified. The business of identifying and structuring private equity transactions is highly competitive and involves a high degree of uncertainty. However, Limited Partners will be required to pay annual management fees during the Commitment Period based on the entire amount of their Commitments.
- 6) Illiquidity; Lack of Current Distributions. An investment in the Funds should be viewed as illiquid. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. The return of capital and the realization of gains, if any, generally will occur only upon the partial or complete disposition of an investment. While an investment may be sold at any time, it is not generally expected that this will occur for a number of years after the initial investment. Before such time, there may be no current return on the investment. Furthermore, the expenses of operating the Funds (including the annual management fee payable to the Adviser) may exceed its income, thereby requiring that the difference be paid from the Funds' capital.
- 7) Leveraged Investments. The Funds may make use of leverage by incurring or having a portfolio company incur debt to finance a portion of its investment in a given portfolio company. Leverage generally magnifies both the Funds' opportunities for gain and its risk of loss from a particular investment. The cost and availability of leverage is highly dependent on the state of the broader credit market, which state is difficult to accurately forecast. During

times when credit markets are tight it may be difficult to obtain or maintain the desired degree of leverage. The use of leverage will also result in interest expense and other costs to the Funds that may not be covered by distributions made to the Funds or appreciation of its investments. Leverage often imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and may impair its ability to finance future operations and capital needs. The leveraged capital structure of portfolio companies will increase the exposure of the Funds' investments to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment or rising interest rates and could accelerate and magnify declines in the value of the Funds' investments in the leveraged portfolio companies in a down market. In the event any portfolio company cannot generate adequate cash flow to meet debt service, the Funds may suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of the Funds. Furthermore, should the credit markets be tight at the time the Funds determine that it is desirable to sell all or part of a portfolio company, the Funds may not achieve an exit multiple or enterprise valuation consistent with its forecasts. Moreover, the companies in which the Funds will invest generally will not be rated by a credit rating agency.

A Fund may also borrow money or guaranty indebtedness (such as a guaranty of a portfolio company's debt) or otherwise be liable therefor, and in such situations, it is not expected that such Fund would be compensated for providing such guarantee or exposure to such liability. The use of leverage by a Fund also will result in interest expense and other costs to such Fund that may not be covered by distributions made to such Fund or appreciation of its investments. While Fund-level borrowings generally will be interim in nature, asset-level leverage generally will not be subject to any limitations regarding the amount of time such leverage may remain outstanding. A Fund may incur leverage on a joint and several basis with one or more other Funds and entities managed by the Adviser, Managers or any of their affiliates and may have a right of contribution, subrogation or reimbursement from or against such entities. In addition, to the extent a Fund incurs leverage (or provides such guaranties), such amounts may be secured by capital commitments made by such Fund's investors and such investors' contributions may be required to be made directly to the lenders instead of such Fund.

- 8) Subscription Lines. A Fund may enter into a subscription line with one or more lenders in order to finance its operations (including the acquisition of the Fund's investments). Fund-level borrowing subjects limited partners to certain risks and costs. For example, because amounts borrowed under a subscription line typically are secured by pledges of the relevant general partner's right to call capital from the limited partners, limited partners may be obligated to contribute capital on an accelerated basis if the Fund fails to repay the amounts borrowed under a subscription line or experiences an event of default thereunder. Moreover, any limited partner claim against the Fund would likely be subordinate to the Fund's obligations to a subscription line's creditors.

In addition, Fund-level borrowing will result in incremental partnership expenses that will be borne by investors. These expenses typically include interest on the amounts borrowed, unused commitment fees on the committed but unfunded portion of a subscription line, an upfront fee for establishing a subscription line, and other one-time and recurring fees and/or expenses, as well as legal fees relating to the establishment and negotiation of the terms of the borrowing facility. Because a subscription line's interest rate is based in part on the creditworthiness of

the relevant Fund's limited partners and the terms of the Partnership Agreements, it may be higher than the interest rate a limited partner could obtain individually. To the extent a particular limited partner's cost of capital is lower than the Fund's cost of borrowing, Fund-level borrowing can negatively impact a limited partner's overall individual financial returns even if it increases the Fund's reported net returns in certain methods of calculation.

A credit agreement may contain other terms that restrict the activities of a Fund and the limited partners or impose additional obligations on them. For example, a subscription line may impose restrictions on the relevant general partner's ability to consent to the transfer of a limited partner's interest in the Fund. In addition, in order to secure a subscription line, the relevant general partner may request certain financial information and other documentation from limited partners to share with lenders. The general partner will have significant discretion in negotiating the terms of any subscription line and may agree to terms that are not the most favorable to one or more limited partners.

Fund-level borrowing involves a number of additional risks. For example, drawing down on a subscription line allows the general partner to fund investments and pay partnership expenses without calling capital, potentially for extended periods of time. Calling a large amount of capital at once to repay the then current amount outstanding under a subscription line could cause short-term liquidity concerns for limited partners that would not arise had the relevant general partner called smaller amounts of capital incrementally over time as needed by a Fund. This risk would be heightened for a limited partner with commitments to other funds that employ similar borrowing strategies or with respect to other leveraged assets in its portfolio; a single market event could trigger simultaneous capital calls, requiring the limited partner to meet the accumulated, larger capital calls at the same time. A Fund may also utilize Fund-level borrowing when the relevant general partner expects to repay the amount outstanding through means other than limited partner capital, including as a bridge for equity or debt capital with respect to an investment. If the Fund ultimately is unable to repay the borrowings through those other means, limited partners would end up with increased exposure to the underlying investment, which could result in greater losses.

- 9) Limited Transferability of Fund Interests. There will be no public market for partnership interests in the Funds, and none is expected to develop. There are substantial restrictions upon the transferability of partnership interests in the Funds under the Partnership Agreements and applicable securities laws. In general, withdrawals of partnership interests in the Funds are not permitted. In addition, partnership interests in the Funds are not redeemable.
- 10) Restricted Nature of Investment Positions. Generally, there will be no readily available market for a substantial number of the Funds' investments, and hence, most of the Funds' investments will be difficult to value. Certain investments may be distributed in kind to the Partners.
- 11) Reliance on the Managers and Portfolio Company Management. Control over the operation of the Funds will be vested entirely with the Managers, and the Funds' future profitability will depend largely upon the business and investment acumen of the Principals. The loss of service of one or more of the Principals could have an adverse effect on the Funds' ability to realize its investment objectives. Limited Partners generally have no right or power to take part in the management of the Funds, and as a result, the investment performance of the Funds will depend

entirely on the actions of the Managers. Although the Managers will monitor the performance of each Fund investment, it will primarily be the responsibility of each portfolio company's management team to operate the portfolio company on a day-to-day basis. Although the Funds generally intend to invest in companies with strong management, there can be no assurance that the existing management of such companies will continue to operate a company successfully.

- 12) Projections. Projected operating results of a company in which the Funds invest normally will be based primarily on financial projections prepared by each company's management. In all cases, projections are only estimates of future results that are based upon information received from the company and assumptions made at the time the projections are developed. There can be no assurance that the results set forth in the projections will be attained, and actual results may be significantly different from the projections. Also, general economic factors, which are not predictable, can have a material effect on the reliability of projections.
- 13) Conflicting Investor Interests. Limited Partners may have conflicting investment, tax, and other interests with respect to their investments in the Funds, including conflicts relating to the structuring of investment acquisitions and dispositions. Conflicts may arise in connection with decisions made by the Managers regarding an investment that may be more beneficial to one Limited Partner than another, especially with respect to tax matters. In structuring, acquiring and disposing of investments, the Managers will consider the investment and tax objectives of the Funds and its Partners as a whole, not the investment, tax, or other objectives of any Limited Partner individually.
- 14) Need for Follow-On Investments. Following its initial investment in a given portfolio company, the Funds may decide to provide additional funds to such portfolio company or may have the opportunity to increase its investment in a successful portfolio company. There is no assurance that the Funds will make follow-on investments or that the Funds will have sufficient funds to make all or any of such investments. Any decision by the Funds not to make follow-on investments or its inability to make such investments may have a substantial negative effect on a portfolio company in need of such an investment or may result in a lost opportunity for the Funds to increase their participation in a successful operation.
- 15) Non-U.S. Investments. The Funds may invest in portfolio companies that are organized or have substantial sales or operations outside of the United States, its territories, and possessions. Such investments may be subject to certain additional risk due to, among other things, potentially unsettled points of applicable governing law, the risks associated with fluctuating currency exchange rates, capital repatriation regulations (as such regulations may be given effect during the term of the Funds), the application of complex U.S. and foreign tax rules to cross-border investments, possible imposition of foreign taxes on the Funds and/or the partners with respect to the Funds' income, and possible foreign tax return filing requirements for the Funds and/or the partners. Additional risks include: (a) risks of economic dislocations in the host country; (b) less publicly available information; (c) less well-developed regulatory institutions; and (d) greater difficulty of enforcing legal rights in a non-U.S. jurisdiction. Moreover, non-U.S. companies may not be subject to uniform accounting, auditing and financial reporting standards, practices and requirements comparable to those that apply to U.S. companies.

- 16) Significant Default Penalties. The Partnership Agreements provides for significant penalties and other adverse consequences in the event a Limited Partner defaults on its Commitment or other payment obligations. In addition to losing its right to potential distributions from the Funds, a defaulting Limited Partner may be forced to transfer its interest in the Funds for an amount that is less than the fair market value of such interest and that may be paid over a period of up to ten years, without interest.
- 17) Dilution. Limited partners admitted to the Funds at subsequent closings will participate in then-existing investments of the Funds, thereby diluting the interest of existing Limited Partners in such investments. Although any such new Limited Partner will be required to contribute its *pro rata* share of previously made capital contributions, there can be no assurance that this contribution will reflect the fair value of the Funds' existing investments at the time of such contributions.
- 18) General Partner's Carried Interest. The fact that the General Partners' carried interest is based on a percentage of net profits, may create an incentive for the General Partner or Managers to cause the Funds to make riskier or more-speculative investments than would otherwise be the case.
- 19) Public Company Holdings. The Funds' investment portfolio may contain securities issued by publicly held companies. Such investments may subject the Funds to risks that differ in type or degree from those involved with investments in privately held companies. Such risks include, without limitation, greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of the Funds to dispose of such securities at certain times, increased likelihood of shareholder litigation against such companies' board members, including the Principals, and increased costs associated with each of the aforementioned risks.
- 20) Director Liability. The Funds will often obtain the right to appoint a representative to the board of directors of the companies in which it invests. Serving on the board of directors of a portfolio company exposes the Funds' representatives, and ultimately the Funds, to potential liability. Not all portfolio companies may obtain insurance with respect to such liability, and the insurance that portfolio companies do obtain may be insufficient to adequately protect officers and directors from such liability.
- 21) Delayed Schedule K-1s. The Funds may not be able to provide final Schedule K-1s to Limited Partners for any given fiscal year until after April 15 of the following year. The General Partner will endeavor to provide Limited Partners with final Schedule K-1s or with estimates of the taxable income or loss allocated to their investment in the Funds on or before such date, but final Schedule K-1s may not be available until the Funds have received tax-reporting information from its portfolio companies necessary to prepare final Schedule K-1s. Limited Partners may be required to obtain extensions of the filing dates for their federal, state, and local income tax returns. Each prospective investor should consult with its own adviser as to the advisability and tax consequences of an investment in the Funds.
- 22) Uncertain Economic and Political Environment. The current global economic and political climate is one of uncertainty. Prior acts of terrorism in the United States, the threat of

additional terrorist strikes and the fear of a prolonged global conflict have exacerbated volatility in the financial markets and can cause consumer, corporate, and financial confidence to weaken, increasing the risk of a “self-reinforcing” economic downturn. A climate of uncertainty may reduce the availability of potential investment opportunities and increases the difficulty of modeling market conditions, reducing the accuracy of the financial projections. Furthermore, such uncertainty may have an adverse effect upon the portfolio companies in which the Funds make investments.

- 23) Business Disruption Due to Pandemics.** The success of Funds’ investment strategies could be significantly impacted by changing external economic conditions in the United States and globally. The stability and sustainability of growth in global economies may be impacted by terrorism, acts of war, pandemics or other unforeseen disasters. Changing economic conditions could potentially adversely impact the performance and valuation of portfolio holdings. In addition, the availability, unavailability, or hindered operation of external credit markets, equity markets, and other economic systems may have a significant negative impact on portfolio operations and profitability. There can be no assurance that such markets and economic systems will be available as anticipated or needed for the Managers and their affiliates to operate and manage portfolios successfully. The spread of COVID-19 in 2020 has shown such an ability to result in a broad-based economic decline and significant market volatility and continues to present material uncertainty and risk with respect to portfolios’ performance and financial results. Aside from the broad effects on the economy, the pandemic may also have specific implications for operations and activities of personnel, which can range from employees working remotely to more significant impacts such as illness and restrictions on non-essential travel. Depending on the length and severity of the pandemic, the Managers and their affiliates are prepared to spend the necessary time and attention addressing implications from the pandemic, including minimizing its impact on its business, Funds, and/or specific investments as relevant.
- 24) Valuation of Assets.** There is not expected to be an actively traded market for most of the securities owned by the Fund. When estimating fair value, the Managers will apply a methodology it determines to be appropriate based on accounting guidelines and the applicable nature, facts and circumstances of the respective investments. However, the process of valuing securities for which reliable market quotations are not available is based on inherent uncertainties and the resulting values may differ from values that would have been determined had an active market existed for such securities and may differ from the prices at which such securities ultimately may be sold. The exercise of discretion in valuation may give rise to conflicts of interest, including in connection with determining the amount and timing of distributions of carried interest and the calculation of Management Fees.
- 25) Material Non-Public Information; Other Regulatory Restrictions.** As a result of their activities, the Managers and their affiliates come into possession of confidential or material non-public information from time to time. Therefore, they may have access to material, non-public information that may be relevant to an investment decision to be made by a Fund. Consequently, a Fund may be restricted from initiating a transaction or selling an investment which, if such information had not been known to it, may have been undertaken on account of applicable securities laws or the Managers’ internal policies.

Similarly, anti-money laundering, anti-boycott and economic and trade sanction laws and regulations in the United States and other jurisdictions may prevent the Managers, their affiliates or the Funds from entering into transactions with certain individuals or jurisdictions. The United States Department of the Treasury's Office of Foreign Assets Control ("OFAC") and other governmental bodies administer and enforce laws, regulations and other pronouncements that establish economic and trade sanctions on behalf of the United States. Among other things, these sanctions may prohibit transactions with or the provision of services to, certain individuals or portfolio companies owned or operated by such persons or located in jurisdictions identified from time to time by OFAC. Additionally, antitrust laws in the United States and other jurisdictions give broad discretion to the U.S. Federal Trade Commission, the United States Department of Justice and other U.S. and non-U.S. regulators and governmental bodies to challenge, impose conditions on, or reject certain transactions. In certain circumstances, antitrust restrictions relating to one Fund's acquisition of a portfolio company may preclude other Funds from making an attractive acquisition or require one or more other Funds to sell all or a portion of certain portfolio companies owned by them.

As a result of any of the foregoing, a Fund may be adversely affected because of the Managers' or their affiliates' inability or unwillingness to participate in transactions that may violate such laws or regulations, or by remedies imposed by any regulators or governmental bodies. Any such laws or regulations may make it difficult or may prevent a Fund from pursuing investment opportunities, require the sale of part or all of certain portfolio companies on a timeline or in a manner deemed undesirable by the Managers or may limit the ability of one or more portfolio companies from conducting their intended business in whole or in part. Consequently, there can be no assurance that any Fund will be able to participate in all potential investment opportunities that fall within its investment objectives.

26) Cybersecurity Risks. Recent events have illustrated the ongoing cybersecurity risks to which operating companies are subject, particularly operating companies in historically vulnerable industries such as the food services and retail industries. To the extent that a portfolio company is subject to cyber-attack or other unauthorized access is gained to a portfolio company's systems, such portfolio company may be subject to substantial losses in the form of stolen, lost or corrupted (i) customer data or payment information; (ii) customer or portfolio company financial information; (iii) portfolio company software, contact lists or other databases; (iv) portfolio company proprietary information or trade secrets; or (v) other items. In certain events, a portfolio company's failure or deemed failure to address and mitigate cybersecurity risks may be the subject of civil litigation or regulatory or other action. Any of such circumstances could subject a portfolio company, or the related Fund, to substantial losses. In addition, in the event that such a cyber-attack or other unauthorized access is directed at the Managers or one of their service providers holding financial or investor data, the Managers, their affiliates or the Fund may also be at risk of loss.

27) Co-Investments. The Managers and their affiliates may, in their sole discretion, provide or commit to provide co-investment opportunities to one or more Limited Partners and/or other persons, in each case on terms to be determined in their sole discretion. Conflicts of interest may arise in the allocation of such co-investment opportunities. The allocation of co-investment opportunities, which may be made to one or more persons for any number of

reasons as determined by the Managers and their affiliates, in their sole discretion, may not be in the best interests of the Fund or any individual Limited Partner.

In exercising its sole discretion in connection with such co-investment opportunities, the Managers and their affiliates may consider some or all of a wide range of factors, which may include the likelihood that an investor may invest in a future fund sponsored by the Managers or their affiliates and the size of a Limited Partner's capital contribution in the Fund or an affiliated fund. The Fund may co-invest with third parties through partnerships, joint ventures or other entities or arrangements. Such investments may involve risks not present in investments where a third-party is not involved, including the possibility that a third-party co-venturer or partner may at any time have economic or business interests or goals that are inconsistent with those of the Fund, or may be in a position to take action contrary to the investment objectives of the Fund. In addition, the Fund may in certain circumstances be liable for actions of its third-party co-venturer or partner.

- 28) Lack of Unilateral Control.** Even if a Fund is the majority investor or controlling shareholder, as applicable, of a portfolio company, in certain circumstances it may not have unilateral control of the portfolio company. To the extent the Fund invests alongside third parties, such as institutional co-investors or private equity funds of other sponsors, or makes a minority investment, the relevant portfolio companies may be controlled or influenced by persons who have economic or business interests, investment or operational goals, tax strategies or other considerations that differ from or are inconsistent with those of the Funds or their limited partners. Such third parties may be in a position to take action contrary to the Fund's business, tax or other interests, and the Fund may not be in a position to limit such contrary actions or otherwise protect the value of its investment.
- 29) Early-Stage and Start-Up Investments.** It is anticipated that the venture Fund will make investments primarily in start-up and early-stage companies that have inherently greater risk than more established businesses. Accordingly, the growth of these companies may require significant time and effort resulting in a longer investment horizon than can be expected with lower risk investment alternatives. Such investments can experience failure or substantial declines in value at any stage. There is no assurance that such investments by the venture Fund will be successful.
- 30) Growth Equity Transactions.** The Fund's strategy includes targeting growth-equity investments. While growth equity investments offer the opportunity for significant capital gains, such investments may involve a higher degree of business and financial risk that can result in substantial or total loss. Growth-equity portfolio companies may operate at a loss or with substantial variations in operating results from period to period, and many will need substantial additional capital to support additional research and development activities or expansion, to achieve or maintain a competitive position, and/or to expand or develop management resources. Growth-equity portfolio companies may face intense competition, including from companies with greater financial resources, better brand recognition, more extensive development, marketing and service capabilities and a larger number of qualified managerial and technical personnel.

Conflicts of Interest

The Principals currently manage and are permitted in the future to manage other investment funds and investments similar to those in which the Funds will be investing and may direct certain relevant investment opportunities to those investment funds and investments. The Principals and the Adviser's investment staff will continue to manage and monitor such investment funds and investments. The significant investment of the Principals in the Funds, as well as the Principals' interest in the carried interest, operate to align, to some extent, the interest of the Principals with the interest of the Partners, although the Principals have economic interests in such other investment funds and investments as well and receive management fees and/or carried interests relating to such interests. Such other investment funds and investments that the Principals may control or otherwise be involved with may compete with the Funds or companies acquired by the Funds. Following the Commitment Period, the Principals may and likely will focus their investment activities on other opportunities and areas unrelated to the Funds' investments.

From time to time, the Principals will be presented with investment opportunities that would be suitable not only for the Funds, but also for other private investment funds and/or other investment vehicles operated by advisory affiliates of the Managers. In determining which investment vehicles should participate in such investment opportunities, the Managers and their affiliates are subject to conflicts of interest among the investors in such investment vehicles. The Managers attempt to resolve such conflicts of interest in light of their obligations to investors in their Funds and the obligations owed by the Manager's advisory affiliates to investors in investment vehicles managed by them, and attempts to allocate investment opportunities among the Funds, other private investment funds and such investment vehicles in a fair and equitable manner. Where necessary, the Managers consult with and receive consent to conflicts from an advisory committee consisting of Limited Partners of the Funds and such other investment vehicles.

Investment opportunities may be appropriate for multiple Funds at the same, different or overlapping levels of a portfolio company's capital structure. Conflicts may arise in determining the terms of each such investment, particularly where certain Funds are intended to invest in different types of securities in a single portfolio company. Questions may arise subsequently as to whether payment obligations and covenants should be enforced, modified or waived, or whether debt should be refinanced or restructured. In troubled situations, decisions including whether to enforce claims, or whether to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any work-out or restructuring may raise conflicts of interest, particularly with respect to Funds that have invested in different securities within the same portfolio company.

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

In certain cases, a Manager will have opportunity (but, subject to any applicable restrictions or procedures in the relevant Partnership Agreement, no obligation) to identify one or more secondary transferees of interests in a Fund. In such cases, the applicable Manager will use its discretion to select such transferees based on suitability and other factors, and unless required by the relevant Partnership Agreement, will determine in its sole discretion whether the opportunity to receive a transfer of Fund interests should be offered to one or more existing Fund investors.

Because the General Partners' carried interest is based on a percentage of net realized profits, it may create an incentive for the General Partner and/or the Managers to cause the Funds to make riskier or more speculative investments than would otherwise be the case. Since the Managers are permitted to retain certain Supplemental Fees (as described under "Fees and Compensation") in connection with Fund investments, it could have a conflict of interest in connection with approving transactions.

In addition, as described above, the Adviser is reimbursed for the compensation paid to certain Performance Group Members who will also often be employees of the Adviser and such compensation does not offset the Management Fee as described herein. Certain Performance Group Members, as employees of the Adviser, make use of the Managers' resources. Although the use of Performance Group Members and the allocation of compensation paid to them creates potential conflicts of interest, the Managers believe that such potential conflicts may be reduced if, among other things, the quality of the services of the Performance Group Member makes a greater contribution to the success of the portfolio company. Although the Managers seek to retain Performance Group Members with a view to reducing costs to portfolio companies and, ultimately, the Funds, a number of factors may result in limited or no cost savings from such retention. The Managers also seek to reduce potential conflicts of interest resulting from such arrangements by structuring compensation packages for such persons in a manner that the Managers believe will align such persons' interests with those of the Funds' limited partners.

Additionally, a portfolio company (or a Fund in anticipation of a portfolio company investment) typically will reimburse the Adviser or service providers (including Performance Group Members and other consultants) retained at the Adviser's discretion for expenses (including without limitation travel expenses) incurred by the Adviser or such service providers in connection with its performance of services for such portfolio company. This subjects the Adviser and its affiliates to conflicts of interest because the Funds generally do not have an interest or share in these reimbursements or may bear such expenses directly, and such amounts may be substantial. The Adviser determines the amount of these reimbursements for such services in its own discretion, subject to its internal reimbursement policies and practices. Although the amount of individual reimbursements typically is not disclosed to investors in any Fund, their effect is indirectly reflected in each Fund's audited financial statements, and any fee paid or expense reimbursed to the Adviser or such service providers generally is subject to: agreements with sellers, buyers and management teams; the review and supervision of the board of directors of or lenders to portfolio companies; and/or third party co-investors in its transactions. These factors help to mitigate related conflicts of interest. Principals and employees of the Managers may serve as directors and officers of certain portfolio companies and, in that capacity, will be required to make decisions that they consider to be in the best interests of such portfolio company and their respective shareholders. In certain circumstances (for example in situations involving bankruptcy or near-insolvency of a portfolio company), actions that may be in the best interests of the portfolio

company may not be in the best interests of the Funds, and vice versa. Accordingly, in these situations, there may be conflicts of interests between an individual's duties as an employee of the Managers and an individual's duties as a director of such portfolio company.

Any of these situations subjects the Managers and/or their affiliates to potential conflicts of interest. The Managers attempt to resolve such conflicts of interest in light of their obligations to investors in its Funds by allocating investment opportunities among the Funds and other investment vehicles in a fair and equitable manner. To the extent that an investment or relationship raises particular conflicts of interest, the Adviser will review the circumstances of such investment or relationship with a view to addressing and reducing the potential for conflict. Where necessary, the Adviser consults with and may receive consent to conflicts from an advisory committee consisting of Limited Partners of the relevant Fund and such other investment vehicles.

DISCIPLINARY INFORMATION

The Adviser and its management persons have not been subject to any material legal or disciplinary events required to be discussed in this Brochure.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

The following affiliated investment advisers also provide investment advice to the Funds:

West Rim Advisors

West Rim Advisors is the management company that primarily provides the day-to-day investment advisory services to the Funds and other private investment funds, other than the venture Fund. Some of the Principals, officers, employees and/or consultants of West Rim Advisors serve the Adviser, the Ultimate GP and other entities making up the Firm in similar capacities. West Rim Advisors is subject to the Advisers Act pursuant to the Adviser's registration in accordance with SEC guidance.

Sorenson Ventures

Sorenson Ventures is the management company that primarily provides the day-to-day investment advisory services to the venture Fund. Some of the Principals, officers, employees and/or consultants of Sorenson Ventures serve the Adviser, the Ultimate GP and other entities making up the Firm in similar capacities. Sorenson Ventures is subject to the Advisers Act pursuant to the Adviser's registration in accordance with SEC guidance.

Affiliates of the Adviser serve as General Partners to the Funds, each of which are disclosed on the Adviser's Form ADV Part 1, Item 7.A.

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

A Code of Ethics and Securities Trading Policy and Procedures (the “**Code**”) sets forth standards of conduct that are expected of the Managers’ employees and addresses conflicts that arise from personal trading by employees. The Code requires certain of the Managers’ employees to:

- report their personal securities transactions;
- pre-clear any proposed purchase of any initial public offering or limited offering; and
- comply with the policies and procedures reasonably designed to prevent the misuse of, or trading upon, material non-public information.

A copy of the Code will be provided to any investor or prospective investor upon request to Tom Pierce at (801) 407-8400. Personal securities transactions by employees who manage client accounts are required to be conducted in a manner that assures that the interests of the clients take precedence.

The Managers and their affiliated persons may come into possession from time to time of material nonpublic or other confidential information about public companies which, if disclosed, might affect an investor’s decision to buy, sell or hold a security. Under applicable law, the Managers and their affiliated persons would be prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any person, regardless of whether such person is a client of the Managers. Accordingly, should the Managers or any of their affiliated persons come into possession of material nonpublic or other confidential information with respect to any public company, the Managers would be prohibited from communicating such information to clients, and the Managers will have no responsibility or liability for failing to disclose such information to clients as a result of following their policies and procedures designed to comply with applicable law. Similar restrictions may be applicable as a result of the Managers’ personnel serving as directors of public companies and may restrict trading on behalf of clients, including the Funds.

Principals and employees of the Managers and their affiliates may directly or indirectly own an interest in one or more Funds.

From time to time, investors in the Funds, affiliates of the Managers, and/or other persons may co-invest side-by-side with the Funds in portfolio companies. Where possible and appropriate, the Adviser may, but will be under no obligation to, provide co-investment opportunities to one or more limited partners of the Funds before making such opportunities available to others.

The Managers and their affiliates, principals and employees may carry on investment activities for their own account and for family members, friends or others who do not invest in the Funds and may give advice and recommend securities to vehicles which may differ from advice given to, or securities recommended or bought for, the Funds, even though their investment

objectives may be the same or similar. The operative documents and investment programs of certain vehicles sponsored by the Managers and their affiliates (the “**Reference Funds**”) may restrict, limit or prohibit, in whole or subject to certain procedural requirements, investments of certain other vehicles in issuers held by such Reference Funds or may give priority with respect to investments to such Reference Funds. Some of these restrictions could be waived by investors (or their representatives) in such Reference Funds.

From time to time, the Adviser may borrow funds on behalf of the Funds. Interest in connection with such borrowing is borne by the Funds (or the relevant as applicable) as a Fund expense, consistent with the Partnership Agreements (or other governing document) and the expense policy described under “Fees and Compensation.” In borrowing on behalf of the Funds, the Adviser is subject to conflicts of interest between repaying its obligations and retaining such borrowed amounts for the benefit of the Funds. In circumstances where interest accrues on any such outstanding borrowings at a rate lower than the relevant Fund’s preferred return, the Adviser is expected to have incentives to cause the Fund to borrow in this manner rather than drawing down capital commitments. Where a preferred return begins to accrue after capital contributions are due (regardless of when the Fund borrows, makes the relevant investment, or pays expenses) and ceases to accrue upon return of these capital contributions, the use of borrowing to shorten the period between calling and returning capital limits the amount of time the preferred return will accrue. In circumstances where there is not a preferred return on funds borrowed in advance or in lieu of calling capital, Fund-level borrowing typically will reduce the amount of preferred return to which the limited partners would otherwise be entitled had the Adviser called capital, and thus could result in the General Partners receiving carried interest sooner than it would without borrowing. In addition, when the Management Fee is calculated as a percentage of invested capital, a limited partner may pay Management Fees on borrowed amounts used to fund investments that have not yet been realized even though such amounts would not accrue preferred return as described above. It is expected that the costs relating to the establishment and/or maintenance of a subscription line of credit will be significant, and there can be no assurance that the benefits to limited partners will be commensurate with such costs.

The Adviser will effect such borrowings in a manner it believes to be fair and equitable to the Funds, as applicable, and consistent with the Adviser’s obligations to the Funds and the Partnership Agreements (or other governing document).

BROKERAGE PRACTICES

The Managers focus on securities transactions of private companies and generally purchases and sells such companies through privately-negotiated transactions in which the services of a broker-dealer may be retained. However, the Managers may also distribute securities to investors in the Funds or sell such securities, including through using a broker-dealer, if a public trading market exists. Although the Managers do not intend to regularly engage in public securities transactions, to the extent it does so, it follows the brokerage practices described below.

If the Managers sell publicly traded securities for the Funds, they are responsible for directing orders to broker-dealers to effect securities transactions for accounts managed by the Managers. The Managers select brokers on the basis of best price and execution capability. In selecting a broker to execute client transactions, the Managers may consider a variety of factors,

including: (i) prompt execution of orders, (ii) the reliability, integrity, financial condition and execution capability of the firm being considered for effecting transactions in light of the size and difficulty of executing the order, (iii) the price and (iv) the capabilities of firms to supply research services.

The Managers have no duty or obligation to seek in advance competitive bidding for the most favorable commission rate applicable to any particular client transaction or to select any broker on the basis of its purported or “posted” commission rate but will endeavor to be aware of the current level of the charges of eligible brokers and to minimize the expenses incurred for effecting client transaction to the extent consistent with the interests and policies of the accounts. Although the Managers generally seek competitive commission rates, they will not necessarily pay the lowest commission or commission equivalent. Transactions may involve specialized services on the part of the broker involved and thereby entail higher commissions or their equivalents than would be the case with other transactions requiring more routine services.

Consistent with obtaining best execution, brokerage commissions on client transactions may be directed to brokers in recognition of research furnished by them. Such research services include economic research, market strategy research, industry research, company research, fixed income data services, and portfolio performance analysis. As a general matter, research provided by these brokers may be used to service all of the Managers’ clients. However, each and every research service may not be used for the benefit of each and every account managed by the Managers, and brokerage commissions paid by one account may apply towards payment for research services that might not be used in the service of that account. Research services may be shared between the Managers and their affiliates.

There is no agreement or formula for the allocation of brokerage business on the basis of research services. The Managers may, in their discretion, cause the client accounts to pay such brokers a commission for effecting portfolio transactions in excess of the amount of commission another broker adequately qualified to effect such transactions would have charges for effecting such transactions. This may be done where the Managers have determined in good faith that such commission is reasonable in relation to the value of brokerage and research services received. In reaching such a determination, the Managers would not be required to place or attempt to place a specified dollar value on the brokerage or research services provided by such broker.

The Managers will periodically determine which brokers have provided research that has been helpful in the management of client accounts. To the extent consistent with the Managers’ goal to obtain best execution for their clients, the Managers seek to place a portion of the trades that they direct with the brokers who are identified through this process. The Managers are able to furnish a continuous investment program to their clients by using information provided by broker-dealers as well as other research. The Managers consider access to such information to be an important element of investment decision making.

Orders for purchase or sale of securities placed first will be executed first, and within a reasonable amount of time of order receipt. To the extent that orders for client accounts are completed independently, the Managers may also purchase or sell the same securities or instruments for a number of accounts simultaneously. From time to time, the Managers may, but are not obligated to, purchase or sell securities for several client accounts at approximately the

same time. Such orders may be combined or “batched” to facilitate obtaining best execution and/or to reduce brokerage commissions or other costs. Batched transactions are executed in a manner intended to ensure that no participating client of the Managers are favored over any other client. When an aggregated order is filled in its entirety, each participating client account generally will receive the average price obtained on all such purchases or sales made during such trading day.

When an aggregate order is partially filled, the securities purchased or sold will normally be allocated on a *pro rata* basis to each client account participating in such buy or sell order in accordance with the amount of securities originally requested for such account.

Each client account generally will receive the average price obtained on all such purchases or sales made during such trading day. Exceptions to *pro rata* allocations are permissible provided they are fair and equitable to clients over time.

REVIEW OF ACCOUNTS

The investments made by the Funds are generally private, illiquid and long-term in nature. Accordingly, the review process is not directed toward a short-term decision to dispose of securities. However, the Managers closely monitor companies in which the Funds invest, and the Chief Compliance Officer periodically checks to confirm that each Fund is maintained in accordance with its stated objectives.

The Funds will provide to its Limited Partners (i) annual GAAP audited and quarterly unaudited financial statements, (ii) annual tax information necessary for each Limited Partner’s tax return and (iii) periodic reports providing a narrative summary of the status of each portfolio company investment.

CLIENT REFERRALS AND OTHER COMPENSATION

The Managers and/or their affiliates may provide various management and financial analysis services to companies in the Funds’ portfolio and may receive compensation from these companies in connection with such services. This compensation may, in many cases, offset a portion of the Management Fees paid by the Funds and, in certain cases such as directors’ fees, may be offset against Management Fees up to one hundred percent of the amount received and as further described in the Funds’ Partnership Agreements. However, in other cases (e.g., provision of certain corporate services to a portfolio company), these fees would be in addition to Management Fees, subject to limitations in the Partnership Agreements. See “Fees and Compensation.”

From time to time, the Managers may enter into solicitation arrangements pursuant to which the Managers compensate persons, including third-party solicitors or Principals and employees of the Managers, for client referrals that result in the provision of investment advisory services by the Managers. In some cases, with respect to investors that are referred by a solicitor, the Funds may pay a placement or solicitation fee to a third party, however, such fee will be offset dollar for dollar against the Funds’ Management Fee and therefore, the fee will effectively be borne by the Managers, Fee, although related expenses incurred pursuant to the relevant placement agent or similar agreement, including but not limited to placement agent travel, meal and entertainment expenses, typically are borne by the relevant Fund(s).

CUSTODY

The Funds are audited at least annually and distribute their audited financial statements prepared in accordance with generally accepted accounting principles to all Investors. The Adviser provides (or causes to be provided) to each Investor in the Fund a copy of the Fund's audited financial statements within 120 days following the relevant Fund's fiscal year end. Investors who do not receive audited financial statements timely should contact the Adviser immediately.

INVESTMENT DISCRETION

The Managers have discretionary authority to manage investments on behalf of the Funds. As a general policy, the Managers do not allow clients to place limitations on this authority. Pursuant to the terms of the Partnership Agreements, however, the Managers may enter into "side letter" arrangements with certain Limited Partners whereby the terms applicable to such Limited Partner's investment in the Funds may be altered or varied, including, in some cases, the right to opt-out of certain investments for legal, tax, regulatory or other similar reasons. The Managers assume this discretionary authority pursuant to the terms of the Partnership Agreements and powers of attorney executed by the Limited Partners of the Funds.

VOTING CLIENT SECURITIES

In accordance with SEC requirements, the Managers have adopted Proxy Voting Policies and Procedures ("**Policy**") to address how any Manager will vote proxies, as applicable, for the Funds' portfolio investments. The Policy seeks to ensure that the applicable Manager votes proxies (or similar instruments) in the best interest of the Funds, including when there may be material conflicts of interest in voting proxies. The Managers generally believe their interests are aligned with the Funds' investors through the Managers' principals beneficial ownership interests in the Funds. In the event, however, there is or may be a conflict of interest between the applicable Manager and the Funds in voting proxies, the Manager may address the conflict using several alternatives, including by seeking the approval or concurrence of the Advisory Board on the proposed proxy vote or through other alternatives set forth in the Policy. The Managers do not consider service on portfolio company boards by Manager personnel or the Managers' receipt of management or other fees from portfolio companies to create a material conflict of interest in voting proxies with respect to such companies. In addition, the Policy sets forth certain specific proxy voting guidelines the Managers follow when voting proxies on behalf of the Funds. If you would like a copy of the Managers' complete Policy or information regarding how the Managers voted proxies for particular portfolio companies, please contact Tom Pierce at (801) 407-8400 and it will be provided to you at no charge.

FINANCIAL INFORMATION

The Managers do not require prepayment of management fees more than six months in advance or have any other events requiring disclosure under this item of the Brochure.