

**ITEM 1 – COVER PAGE**



**INVESTMENT ADVISER BROCHURE**

**CHARGER INVESTMENT PARTNERS LP**

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**March, 2022**

**This Investment Adviser Brochure (“Brochure”) provides information about the qualifications and business practices of Charger Investment Partners LP (the “Adviser”). If you have any questions about the contents of this Brochure, please contact us at (310) 372-5525. 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.**

The Adviser 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 the Adviser is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **ITEM 2 - MATERIAL CHANGES**

The Adviser is amending this “Brochure” as part of its Form ADV annual amendment for the fiscal year ending December 31, 2021. This Brochure has been amended since the annual amendment filed on March 29, 2021, to reflect updated business address in Item 1 and regulatory assets under management in Item 4.

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## ITEM 4 - ADVISORY BUSINESS

The Adviser, a Delaware limited partnership, was formed in August 2019 by co-founders Aaron Perlmutter, Chris Boyle and Kimberly Pollack (each a “**Partner**”). The Adviser filed to become a registered investment adviser with the SEC in March 2020. Charger Holdings LLC, a Delaware limited liability company (“**Ultimate General Partner**”), acts as the general partner of the Adviser. Mr. Perlmutter and Mr. Boyle are the Adviser’s and Ultimate General Partner’s principal owners.

The Adviser, its affiliated general partner (the “**General Partner**”), and their respective affiliates (collectively, “**Charger**”) expect to provide investment advisory services to investment funds (each a “**Fund**” and collectively, the “**Funds**”) privately offered to investors in the United States and elsewhere who are generally “accredited investors” within the meaning of Rule 501(a) under the Securities Act of 1933, as amended (the “**Securities Act**”), and are generally “qualified purchasers” within the meaning of Section 2(a)(51) under the Investment Company Act of 1940, as amended (the “**Investment Company Act**”) and “qualified clients” within the meaning of Rule 205-3 under the Advisers Act.

The General Partner is 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 General Partner, which operate as a single advisory business together with the Adviser.

The Funds are private equity funds and anticipate investing through negotiated transactions in operating entities, generally referred to herein as “**portfolio companies**.” Charger’s investment advisory services to the Funds consist of identifying and evaluating investment opportunities, negotiating the terms of investments, managing and monitoring investments and achieving dispositions for such investments. Although investments are anticipated to be made predominantly in non-public companies, investments in public companies are permitted. From time to time, where such investments consist of portfolio companies, the senior principals or other personnel of Charger generally serve on such portfolio companies’ respective boards of directors or otherwise act to influence control over management of portfolio companies in which the Funds have invested.

Charger’s advisory services to the Funds are detailed in the applicable private placement memoranda or other offering documents (each, a “**Memorandum**”), investment management agreements, limited partnership or other operating agreements or governing documents (each, a “**Partnership Agreement**” and together with the relevant Memorandum, the “**Governing Documents**”) and are further described below under “Methods of Analysis, Investment Strategies and Risk of Loss.” Charger’s investment management and advisory services to the Funds are provided pursuant to the terms of the Governing Documents and investors in the Funds (the “**Limited Partners**”) cannot obtain services tailored to their individual specific needs. Limited Partners participate in the overall investment program for the applicable Fund, but may be excused from a particular investment due to legal, regulatory or other agreed-upon circumstances pursuant to the relevant Partnership Agreement. The Funds or the General Partner generally enter into side letters or other similar agreements (“**Side Letters**”) with certain investors that have the effect of establishing rights (including economic or other terms) under, or altering or supplementing the terms of, the relevant Governing Documents with respect to such investors.

Each Fund will establish an advisory board (the “**Advisory Board**”) composed of Limited Partners representatives selected by the General Partner, all of whom will be unaffiliated with the General Partner.

Additionally, from time to time and as permitted by the relevant Governing Documents, Charger may offer co-investment opportunities (including the opportunity to participate in co-invest vehicles) to certain investors or other persons, including other sponsors, market participants, finders, consultants and other service providers, and persons associated with Charger. Please see “METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS – Conflicts of Interest” for additional discussion of co-investments.

As of December 31, 2021, Charger has \$576,256,770 in regulatory assets under management on a discretionary basis. Charger does not manage client assets on a non-discretionary basis.

## **ITEM 5 - FEES AND COMPENSATION**

Fees generally are paid as set forth in each Fund’s Governing Documents. In general, the Adviser receives a management fee (“**Management Fee**”), and the General Partner expects to receive a carried interest in connection with advisory services. Charger receives additional compensation in connection with management and other services performed for portfolio companies of Funds and such additional compensation will offset in whole or in part the Management Fees otherwise payable to the Adviser as disclosed in the applicable Fund’s Partnership Agreement. In addition, Charger is permitted to receive compensation for management and other services performed in connection with the co-investments made in portfolio companies of the Funds, as set forth in the relevant Partnership Agreement(s) and/or Side Letters(s). Investors in a Fund also bear certain organizational and operating expenses. A summary of the Fund’s anticipated fees and expenses follows, but investors should review the applicable Fund’s Partnership Agreement for details regarding fee structure and expenses.

### **Management Fees**

As set forth and more fully described in each Fund’s Partnership Agreement, during the Fund’s investment period, each Fund will pay the Adviser a Management Fee equal to 2.0% on an annual basis of aggregate capital commitments of investors that are not designated as “affiliated partners” by the General Partner. Thereafter, each Fund will pay the Adviser 2% per annum of invested capital, subject to certain reductions for dispositions and write-offs. Installments of the Management Fee payable for any period other than a full three-month period are adjusted on a pro rata basis according to the actual number of days in such period. The Management Fee is payable quarterly in advance to the Adviser. Each Fund’s Governing Documents generally permit Charger to waive or agree to reduce Management Fees, and Charger has entered into certain arrangements in this regard.

The Management Fee will commence at initial closing, or such later date as determined by the General Partner. Investors participating in a subsequent closing of a Fund after the initial closing date will generally be assessed Management Fees retroactive to the beginning of such Fund’s term,

with an additional interest-like payment on such amounts. The Management Fee will be paid out of current income and investment proceeds of each Fund and/or, in the General Partner's discretion, from drawdowns that will reduce unfunded commitments.

### **Transaction Fees**

As described in each Fund's Partnership Agreement, each Fund's Management Fee will be reduced by an amount equal to the transaction fees ("**Transaction Fees**") or a portion thereof attributable to the Fund's partners not designated as "affiliated partners" (as described in each Fund's Partnership Agreement). Transaction Fees include any: (i) directors' fees, financial consulting fees or advisory fees paid to the General Partner with respect to any Fund investment; (ii) transaction fees paid to the General Partner with respect to any Fund investment; and (iii) break-up fees with respect to Fund transactions not completed that are paid to the General Partner, in each case net of certain expenses (including those described below) as set forth in the Partnership Agreement; but not including, in any event, any amount received by the General Partner, the Operations Group (as defined below) or other person from a portfolio company as reimbursement for expenses directly related to such portfolio company, as payment for services provided to any portfolio company in the ordinary course of such portfolio company's business, as compensation for services provided by the General Partner or other person as an employee of or in a similar capacity for such portfolio company or as compensation, including fees, incentive equity or other stock awards, for services rendered by the Operations Group (or a member thereof) to a portfolio company or prospective portfolio company. However, compensation to the Operations Group (and each member thereof) is further subject to the Operations Group Policy (as defined below).

Various costs and expenses will reduce Transaction Fees (and therefore such amounts will not reduce the Management Fee), including out-of-pocket costs and expenses (including travel expenses) incurred by the General Partner in connection with any consummated or unconsummated transaction or in connection with generating any such Transaction Fees.

To the extent that any other fund or any other entity or individual co-invests alongside a Fund in any portfolio company investment, any Transaction Fees will be allocated among the Fund and the co-investors in proportion to the cost of the investment or potential investment in the portfolio company held (or proposed to be held) by each. Accordingly, the Fund will, in most cases, only benefit from the Management Fee reduction described above with respect to its allocable portion of any such Transaction Fee and not the portion of any fee allocable to any other investor in a portfolio company. The General Partner may, in its sole discretion, designate certain investors as "affiliated partners" that may be exempted from all or some portion of the Management Fee. Except as otherwise agreed, the General Partner and Limited Partners who are affiliates, employees or other designees of the General Partner will not be subject to a Management Fee.

## **Carried Interest**

The General Partner will receive a carried interest with respect to each Fund equal to 20% of all realized profits, subject to an 8% preferred return, as more fully described in each Fund's Partnership Agreement. The carried interest distributed to the General Partner is subject to a potential clawback as provided in the Partnership Agreements if the General Partner has received excess cumulative distributions.

The General Partner may, in its sole discretion, designate certain investors as "affiliated partners" that may be exempted from all or some portion of the carried interest and the General Partner may otherwise agree to exempt certain investors from all or a portion of the carried interest, and the General Partner has entered into certain arrangements in this regard. Except as otherwise agreed, the General Partner and Limited Partners who are affiliates, employees or other designees of the General Partner will not be subject to carried interest.

## **Other Information**

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

Principals or other current or former employees of Charger 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 Charger.

In addition to the Management Fee and carried interest payable, each Fund bears certain expenses. As set forth more fully in the applicable Partnership Agreement of each Fund, each Fund will pay, or reimburse the Adviser and/or General Partner for, all other fees, costs, expenses, liabilities and obligations relating to the Fund's and/or its subsidiaries' activities, business, portfolio companies or actual or potential investments, including with respect to any person formed to effect the acquisition and/or holding of a portfolio company (to the extent not borne or reimbursed by a portfolio company or potential portfolio company), including all fees, costs, expenses, liabilities and obligations relating or attributable to: (i) activities with respect to origination and sourcing of investment opportunities for the Fund, including meeting with broker-dealers, investment banks and other sources of investments; attending trade shows and conferences (including related travel, lodging and meals); and developing an investment pipeline (including associated customer relationship manager (CRM) software and/or other software and service providers); (ii) activities with respect to the structuring, organizing, negotiating, consummating, financing, refinancing, diligencing (including any subscriptions to periodicals or databases and dues or membership fees for industry trade groups and related organizations), acquiring, bidding on, owning, managing, monitoring, operating, holding, hedging, restructuring, trading, taking public or private, selling, valuing, winding up, liquidating, dissolving or otherwise disposing of, as applicable, the Fund's portfolio companies and its actual and potential investments (including follow-on investments) or seeking to do any of the foregoing (including any associated legal, financing, commitment, transaction or other fees and expenses payable to attorneys, accountants,

tax professionals, investment bankers, lenders, third-party diligence software and service providers, consultants and any similar professionals in connection therewith and any fees and expenses related to transactions that may have been offered to co-investors), whether or not any contemplated transaction or project is consummated, whether or not such activities are successful and whether or not such activities were undertaken prior to the initial closing date; (iii) indebtedness of, or guarantees made by the Fund, the Adviser, the General Partner or any “affiliated partner” on behalf of the Fund (including any credit facility, letter of credit or similar credit support), including repayment of principal and interest with respect thereto, or seeking to put in place any such indebtedness or guarantee; (iv) financing, commitment, origination and similar fees and expenses; (v) broker, dealer, finder, underwriting (including both commissions and discounts), loan administration, private placement fees, sales commissions, investment banker fees (including buy-side, sourcing and sell-side fees), and similar fees and expenses; (vi) brokerage, sale, custodial, depositary (including a depositary appointed pursuant to the European Union Alternative Investment Fund Managers Directive (“AIFMD”) and/or a Swiss representative and paying agent appointed pursuant to the Swiss Collective Investment Schemes Act, as amended, or pursuant to any law, rule or regulation that is related to the implementation thereof or that is of similar effect), trustee, record keeping, account and similar services; (vii) legal, accounting, research, auditing, administration (including fees and expenses associated with the Fund’s third-party administrator, third-party consultant and administration, tracking or reporting software, if any), information, appraisal, advisory, valuation (including third-party valuations, appraisals or pricing services), consulting (including consulting and retainer fees and other compensation paid to the Operations Group (as defined below) or any of its members, consultants performing investment initiatives and other similar consultants), as well as recruiting (e.g. headhunter) fees, background checks and relocation expenses related to the Operations Group, consultants and portfolio company personnel, tax and other professional services, however any fees, compensation, costs or other expenses relating to the Operations Group or its members is further subject to the Operations Group Policy; (viii) reverse breakup, termination and other similar fees; (ix) directors and officers liability, errors and omissions liability, crime coverage and general partnership liability premiums and other insurance expenses, including any costs and expenses relating to any retention or deductibles; (x) filing, title, transfer, registration and other similar fees and expenses; (xi) printing and communications; (xii) the preparation, distribution or filing of Fund-related or investment-related financial statements or other reports, tax returns, tax estimates, Schedule K 1s (or equivalent), other communications with Partners or any other administrative, compliance or Fund-related or investment-related regulatory filings or reports (including Form PF), or other information, including fees and costs of any third-party service providers, distribution agents and professionals related to the foregoing; (xiii) any reporting, filing and other compliance (other than the initial registrations, filings, compliance and other offering obligations) contemplated by the AIFMD, or any other fees, costs and expenses relating to the AIFMD, including fees, costs and expenses of any third-party service providers and professionals related to the foregoing; (xiv) developing, licensing, implementing, maintaining or upgrading any web portal, extranet tools, computer software or other administrative or reporting tools (including subscription-based services) for the benefit of the Fund or the Limited Partners; (xv) any activities with respect to protecting the confidential or non-public nature of any information or data; (xvi) to the extent provided in the Partnership Agreement, or otherwise approved by the General Partner in its sole discretion, activities or proceedings of the Advisory Board (including any out-of-pocket costs and expenses



incurred by representatives of the General Partner, the Advisory Board members, permitted observers and other persons in attending or otherwise participating in meetings of the Advisory Board); (xvii) indemnification (including any fees, costs and expenses incurred in connection with indemnifying any Partner or other person pursuant to the Partnership Agreement and advancing fees, costs and expenses incurred by any such person in defense or settlement of any claim that may be subject to a right of indemnification pursuant to the Partnership Agreement), except as otherwise set forth in the Partnership Agreement; (xviii) actual, threatened or otherwise anticipated litigation, mediation, arbitration or other dispute resolution process, including the costs and expenses of discovery related thereto and any judgment, other award or settlement entered into in connection therewith; (xix) any annual Limited Partner meeting or other periodic, if any, meetings of the Limited Partners, any other conference or meeting with any Limited Partner(s) and any periodic executive forum of portfolio company management and/or other persons and related meal and entertainment expenses, in each case, to the extent incurred by the Fund, the General Partner or any affiliate of the General Partner in connection with the Fund; (xx) except as otherwise determined by the General Partner in its sole discretion, any fee, cost, expense, liability or obligation relating to any alternative investment vehicle or its activities, business, portfolio companies or actual or potential investments (to the extent not borne or reimbursed by a portfolio company of such alternative investment vehicle) that would be a Fund expense or organizational expense if it were incurred in connection with the Fund, and any expenses incurred in connection with the formation, management, operation, termination, winding up and dissolution of any feeder vehicles related to the Fund to the extent not paid by the investors investing in such entities, and any other costs and expenses related to any structuring or restructuring of the Fund and/or its affiliated entities; (xxi) the termination, liquidation, winding up or dissolution of the Fund; (xxii) defaults by Partners in the payment of any capital contributions; (xxiii) amendments to, and waivers, consents or approvals pursuant to, the constituent documents of the Fund and related entities and any alternative investment vehicle of the Fund, including the preparation, distribution and implementation thereof; (xxiv) (A) complying with any law, regulation or policy related to the activities of Fund I (including any legal fees and expenses related thereto); and/or (B) any litigation or governmental inquiry, investigation or proceeding involving the Fund, including any costs and expenses of discovery related thereto and the amount of any judgments, settlements or fines paid in connection therewith, except as set forth in the Partnership Agreement; (xxv) any third-party experts, including independent appraisers, engaged by the General Partner in connection with the Fund considering, making or holding an investment in the same entity as one or more investment vehicles (other than the Fund) managed or controlled by the General Partner or any of its affiliates; (xxvi) unreimbursed costs and expenses incurred in connection with any transfer or proposed transfer by a Limited Partner; (xxvii) any taxes, fees and other governmental charges levied against the Fund and all expenses incurred in connection with any tax audit, investigation settlement or review of Fund I (except to the extent that the Fund is reimbursed therefor by a Partner) and any costs and expenses of or related to the “partnership representative” and the “designated individual” of the Fund; (xxviii) distributions to the Partners and other expenses associated with the acquisition, holding and disposition of the Fund’s investments, including extraordinary expenses; (xxix) subject to the Operations Group Policy, unreimbursed expenses and unpaid fees of the Operations Group or its members, employees or other persons engaged by the Operations Group; (xxx) compliance or regulatory matters related to the Fund; (xxxi) any travel (including the cost of using private aircraft or other private air travel not exceeding the cost of first class commercial airfare, ground

transportation (including car service) and incidental travel expenses), lodging, meals or entertainment relating to any of the foregoing, including in connection with consummated and unconsummated investment and disposition opportunities; (xxxii) any expenses incurred in connection with attending industry conferences and hosting or attending training programs; (xxxiii) any organizational expenses; (xxxiv) any placement fees; (xxxv) all costs and expenses associated with operating a feeder fund which invests all or substantially all of its assets in the Fund, including all expenses associated with its management, operation, winding-up, liquidating and dissolution and with preparing and distributing such feeder fund's financial statements, tax returns and feeder fund limited partner reports, but not including any income based or similar taxes, fees or other governmental charges levied against such feeder fund and (xxxvi) any other fees, costs, expenses, liabilities or obligations approved by the Advisory Board.

Excluded from Fund expenses are: administrative and overhead expenses of the General Partner incurred in connection with managing, originating and monitoring investments, including rent, utilities and other similar expenses specified in the relevant Partnership Agreement. As is typical for private equity funds, the Funds likely bear additional and greater expenses, directly or indirectly, than many other pooled investment products, such as mutual funds. To the extent brokerage fees are incurred, they will be incurred in accordance with the general practices set forth in "Brokerage Practices."

In certain circumstances, one Fund is expected to pay an expense common to multiple Funds (including without limitation legal expenses for a transaction in which all such Funds participate, or other fees or expenses in connection with services the benefit of which are received by other Funds over time), and be reimbursed by the other Funds by their share of such expense, without interest. While Charger believes such circumstances to be highly unlikely, it is possible that one of the other Funds could default on its obligation to reimburse the paying Fund. In certain circumstances, Charger is expected to advance amounts related to the foregoing and receive reimbursement from the Funds to which such expenses relate.

As described above, in certain circumstances, the General Partner is expected to permit certain investors to co-invest in portfolio companies alongside the Fund, subject to Charger's related policies and the Partnership Agreement and/or Side Letter. Where a co-invest vehicle is formed, such entity generally 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 or would otherwise have been beneficial, in the judgment of the General Partner, ultimately is not consummated, all expenses relating to such proposed transaction will be borne by the Fund, and not by any potential co-investors, that were to have participated in such transaction. 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 expected to bear its share of such expenses.

Charger generally has discretion over whether to charge transaction fees, monitoring fees or other compensation to a portfolio company and, if so, the rate, timing and/or amount of such compensation. In most circumstances, such compensation is not reviewed or approved by an independent third party. The receipt of such compensation generally will give rise to potential

conflicts of interest between the Funds, on the one hand, and Charger and/or its affiliates on the other hand.

## **Operating Partners**

As further described in the applicable Memorandum and/or Partnership Agreement of each Fund, Charger expects to retain, on behalf of a Fund and/or the portfolio companies, as applicable, certain operating advisors and other consultants (“**Operating Partners**”), which may be affiliates of Charger, employees of such affiliates, portfolio companies of other funds managed by Charger or its affiliates, third party consultants (including individual Operations Group (as defined below) members, consultants and external executives), “strategic partners,” “executive partners” or “senior advisors.” The Operating Partners may regularly provide services to, or in connection with, a Fund in relation to its activities, or to one or more portfolio companies in relation to the identification, acquisition, holding, improvement and disposition of such portfolio companies, including operational aspects of such companies (“**Services**”). Charger has adopted a policy (the “**Operations Group Policy**”) that governs the allocation of compensation relating to the Services.

Pursuant to the Partnership Agreement and the Operations Group Policy, fees and expenses associated with the Services (collectively “**Consulting Fees and Expenses**”), may be paid and/or reimbursed by applicable portfolio companies and/or the applicable Fund, and Consulting Fees and Expenses do not offset the Management Fee. The Adviser may also pay certain compensation to and bear certain expenses relating to the Operating Partners and the Operations Group and its members. Consulting Fees and Expenses are expected to include cash fees, profits or equity interests in a portfolio company, a share of proceeds upon sale of a portfolio company and/or other incentive-based compensation to the Operating Partner, which may be determined according to one or more methods, including the value of the time (including an allocation for overhead and other fixed costs) of the Operating Partner, a percentage of the value of the portfolio company, the invested capital exposed to such portfolio company, amounts charged by other providers for comparable services and/or a percentage of cash flows from such company. Additionally, portfolio companies may provide opportunities for Operating Partners to invest in such portfolio company and reimburse costs and expenses incurred by Operating Partners. Operating Partners also may receive remuneration from Charger and/or the Fund or affiliates and/or be entitled to other forms of compensation, including equity grants in portfolio companies. Such investment opportunities, reimbursements and other compensation paid to an Operating Partner will not offset the Management Fee. Operating Partners may have a limited partnership or profit interest in a Fund, the General Partner, one or more other investment funds sponsored by the General Partner or in an affiliate of the General Partner. Although Charger intends to retain Operating Partners with a view to reducing costs to portfolio companies (and, ultimately, the applicable Fund) and/or improving portfolio company performance, a number of factors may result in limited or no cost savings from such retention. In addition, Charger intends to retain only such Operating Partners which it believes provide a level of service at a value generally consistent with other relevant market alternatives. However, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

## **Operations Group**

Charger expects to create an operations group (the “**Operations Group**”) comprised of persons retained by the Adviser or any of its affiliates primarily to provide manufacturing, sales, marketing, technology, human resources, acquisition integration/rationalization and/or other operations services, acquisition or other due diligence, or similar services to a Fund, any alternative investment vehicle or any portfolio company or prospective portfolio company of the Fund or any alternative investment vehicle. Any compensation, including fees, incentive equity or other stock awards, and any reimbursement of certain travel and other costs, received by Operations Group members generally will be paid by a portfolio company or prospective portfolio company (which payments are not included as “Transaction Fees” and consequently will not reduce the Management Fee) or directly by the Fund, but the Adviser may bear certain compensation such as a salary or retainer paid to Operations Group Members.

Additionally, certain members of the Operations Group may participate in the Fund through the General Partner or other vehicles and may not bear carried interest or Management Fees.

### **ITEM 6 - PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

As described under “Fees and Compensation,” the General Partner will receive a carried interest allocation on certain realized profits from the Funds. The existence of performance-based compensation has the potential to create an incentive for a General Partner to make more speculative investments on behalf of a Fund than it would otherwise make in the absence of such arrangement, although Charger generally considers performance-based compensation to better align its interests with those of its investors. Additionally, to the extent that Charger personnel are assigned varying percentages of carried interest from the Funds, such personnel are subject to potential conflicts of interest in identifying investment opportunities as appropriate for Funds from which they are entitled to receive a higher carried interest percentage.

Charger seeks 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 Funds’ investment guidelines and governing agreements, as well as other factors that do not include the amount of performance-based compensation received by Charger or any personnel.

### **ITEM 7 - TYPES OF CLIENTS**

Charger provides investment advice to the Funds. The 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, university endowments, sovereign wealth funds, family offices, 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 Charger and members of their families, members of the Operations Group, Operating Partners or other service providers retained by Charger.

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 legal, tax, regulatory or other similar 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.

Investors are generally “accredited investors” within the meaning of Rule 501(a) under the Securities Act of 1933, as amended, and are generally “qualified purchasers” within the meaning of Section 2(a)(51) under the Investment Company Act and “qualified clients” within the meaning of Rule 205-3 under the Advisers Act. Each Fund generally has a minimum investment amount for third-party investors as provided in such Fund’s Partnership Agreement. Such minimum investment amount may be waived by Charger.

## **ITEM 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### **Investment Strategy**

Charger’s strategy is designed to target value-based, middle market investments with meaningful upside potential. Charger’s investment approach focuses on creating solution-oriented structures that provide attractive relative risk / reward profiles in any phase of the market cycle. Charger will focus on utilizing flexible capital to provide solutions to complex situations across a wide variety of industries and transaction types. In executing this strategy, Charger takes a value-oriented, bottoms-up approach to analyzing investment opportunities, with a focus on identifying complex, operationally intense assets that it believes would benefit from Charger’s hands-on approach to value creation. Charger will focus primarily on North American control investment opportunities in the manufacturing, consumer products, hospitality and business services sectors.

### **Risks of Investment**

Each Fund and its investors bear the risk of loss that Charger’s investment strategy entails. The risks involved with Charger’s investment strategy and an investment in a Fund include, but are not limited to:

*Business Risks.* Each Fund’s investment portfolio is expected to 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.

*Investment in Junior Securities.* The securities in which a Fund 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 the Fund’s investment once made.

*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 or within a short period of time. As a result, a Fund’s investment portfolio could become highly concentrated, and

the performance of a few holdings or of a particular industry may substantially affect its aggregate return. Furthermore, to the extent that the capital raised is less than the targeted amount, the Fund may invest in fewer portfolio companies and thus be less diversified.

The Funds may provide bridge financing to facilitate portfolio company investments. It is possible that all or a portion of a bridge financing will not be recouped within the time period specified in the Partnership Agreement, in which case the investment would be treated as a permanent investment of the Fund. As a result, a Fund's portfolio could become more concentrated with respect to such investment than initially expected or otherwise provided for under the Fund's investment limitations, certain of which exclude bridge financing investments.

*Lack of Sufficient Investment Opportunities.* The business of identifying, structuring and completing private equity transactions is highly competitive and involves a high degree of uncertainty. It is possible that a Fund will never be fully invested if enough sufficiently attractive investments are not identified. However, Limited Partners will be required to bear Management Fees through the Fund during the investment period based on the entire amount of the Limited Partners' commitments and other expenses as set forth in the Partnership Agreement.

*Dynamic Investment Strategy.* While Charger generally intends to seek attractive returns for the Funds primarily through pursuing the investment strategy described herein, Charger may pursue additional investment strategies and may modify or depart from its initial investment strategy, investment process and investment techniques as it determines appropriate. Charger may pursue investments outside of the industries and sectors in which the Principals have previously made investments or have internal operational experience.

*Illiquidity; Lack of Current Distributions.* An investment in a Fund should be viewed as an illiquid investment. 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 generally expected that this will not 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 Fund (including the Management Fee payable to the Adviser) may exceed its income, thereby requiring that the difference be paid from the Fund's capital, including unfunded commitments.

*Leveraged Investments.* Each Fund 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, including in respect of companies not rated by credit agencies. Leverage generally magnifies both the Fund's 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 markets (and such credit markets may be impacted by regulatory restrictions and guidelines), which state is difficult to accurately forecast, and at times it may be difficult to obtain or maintain the desired degree of leverage. The use of leverage also imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and may impair its ability to operate its business as desired and/or finance future operations and capital needs. The leveraged capital structure of portfolio companies will increase the exposure of a Fund's 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 Fund's investments in the leveraged portfolio companies in a down market. In the event any portfolio company cannot generate adequate cash flow to meet its debt service, the Fund may suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of the Fund. Additionally, lenders would typically have a claim that has priority over any claim by the Fund to the assets of such portfolio company in an insolvency event or proceeding. Furthermore, should the credit markets be limited or costly at the time a Fund determines that it is desirable to sell all or a part of a portfolio company, the Fund may not achieve an exit multiple or enterprise valuation consistent with its forecasts. If a portfolio company is unable to obtain favorable financing terms for its investments, refinance its indebtedness or maintain a desired or optimal amount of financial leverage, the applicable Fund may hold a larger than expected equity investment in such portfolio company and may realize lower than expected returns from the portfolio company that would adversely affect the Fund's ability to generate attractive investment returns for the Fund as a whole. Each 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 the Fund would be compensated for providing such guarantee or exposure to such liability. The use of leverage by a Fund (including the use of any subscription line of credit) also will result in interest expense and other costs to the Fund that may not be covered by distributions made to the Fund or appreciation of its investments. A Fund may incur leverage on a joint and several basis with one or more other investment funds and entities managed by Charger or any of its 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 the Fund's investors and such investors' contributions may be required to be made directly to the lenders instead of the Fund.

For purposes of distributions by a Fund, Limited Partners would not receive a preferred return accrual on the amount invested by the Fund until such time as capital may be called from Limited Partners in respect of the investment. The use of leverage by a Fund to make investments and/or to pay expenses also will result in interest expense and other costs to the Fund that may not be covered by Fund distributions or appreciation of Fund investments. If an investment acquired with proceeds of such borrowing loses value, Limited Partners may be subject to capital calls to fund that loss as a Fund expense by repaying the credit facility, including related interest and expenses. If an investment appreciates in value and is disposed of prior to repayment of the borrowing, the disposition proceeds would be applied to repay the borrowing (and related interest and expenses), and the net proceeds would be distributed to the Limited Partners without a preferred return accrual on the amount invested by the Fund (due to the absence of invested capital funded by Limited Partners) prior to the determination of carried interest distributions. Accordingly, borrowings by the Fund may support the distribution of proceeds to Limited Partners and increase the potential carried interest for the General Partner. This conflict of interest may incentivize Charger to permanently fund the acquisition and ongoing capital needs of investments of the Fund with the proceeds of such borrowings in lieu of drawing down capital contributions on an as-needed basis, and, accordingly, capital contributions to repay such borrowings may be required only at the time of the disposition of an investment (or never if principal and interest on such borrowings are repaid out of disposition proceeds).

Subscription Lines. As indicated above, each Fund may enter into credit facilities commonly known as “subscription lines.” Amounts borrowed under the credit facility are generally secured by pledges of Charger’s right to call capital from, and the right of the Fund to receive amounts funded by, Limited Partners. 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 Charger’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 a Fund would likely be subordinate to the Fund’s obligations to a subscription line’s creditors. The credit facility may also be secured by other collateral, including a Fund’s investments.

In addition, Fund-level borrowing will result in incremental Fund expenses that will be borne by Limited Partners. 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 Limited Partners and the terms of the Partnership Agreement, 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 a 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 Charger’s ability to consent to the transfer of a Limited Partner’s interest in a Fund. In addition, in order to secure a subscription line, Charger may request certain financial information and other documentation from Limited Partners to share with lenders. Charger 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 Charger 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 General Partner called smaller amounts of capital incrementally over time as needed by the 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. Each Fund may also utilize Fund-level borrowing when Charger 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 a 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.



Limited Transferability of Fund Interests. There will be no public market for Fund interests, and none is expected to develop. There are substantial restrictions upon the transferability of Fund interests under the Partnership Agreement and applicable securities laws. In general, withdrawals of Fund interests are not permitted. In addition, Fund interests are not redeemable. Limited Partners may not be able to liquidate their investments prior to the end of a Fund's term and must be prepared to bear the risks of an investment in the Fund for an extended period of time.

Restricted Nature of Investment Positions. Generally, there will be no readily available market for Fund investments, and hence, most of the Funds' investments will be difficult to value. Certain investments may be distributed in kind to the Partners, and it may be difficult to liquidate the securities received at a price or within a time period that is determined to be ideal by such Partners. After a distribution of securities is made to the Partners, many Partners may decide to liquidate such securities within a short period of time, which could have an adverse impact on the price of such securities. The price at which such securities may be sold by such Partners may be lower than the value of such securities determined pursuant to the Partnership Agreement, including the value used to determine the amount of carried interest available to the General Partner with respect to such investment. In addition, the direct holding of certain investments may subject the holder to suit or taxes in jurisdictions in which such investments are located.

Reliance on the General Partner and Portfolio Company Management. Control over the operation of each Fund will be vested with the General Partner, and each Fund's future profitability will depend largely upon the business and investment acumen of the Charger's principals ("Principals"). The loss or reduction of service of one or more of the Principals could have an adverse effect on a Fund's ability to realize its investment objectives. In addition, the Principals may in the future, manage other investment funds besides the Funds and the Principals may need to devote substantial amounts of their time to the investment activities of such other funds, which may pose conflicts of interest in the allocation of the time of the Principals. 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 a Fund will depend on the actions of Charger. In addition, certain changes in Charger or circumstances relating to Charger may have an adverse effect on a Fund or one or more of its portfolio companies including potential acceleration of debt facilities.

Although Charger will monitor the performance of each Fund investment, it will primarily be the responsibility of each portfolio company's management team to operate such portfolio company on a day-to-day basis. Although the Funds generally intend to invest in companies with strong management or recruit strong management to such companies, there can be no assurance that the management of such companies will be able or willing to successfully operate a company in accordance with the Funds' objectives.

Projections. Projected operating results of a company in which the Funds invest normally will be based primarily on financial projections prepared by such company's management, with adjustments to such projections made by Charger in its discretion. In all cases, projections are only estimates of future results that are based upon information received from the company and third parties 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.

*Need for Follow-On Investments.* Following its initial investment in a given portfolio company, a Fund may decide to provide additional funds to such portfolio company or may have the opportunity to increase its investment in a successful portfolio company (whether for opportunistic reasons, to fund the needs of the business, as an equity cure under applicable debt documents or for other reasons). There is no assurance that a Fund will make follow-on investments or that the Fund will have sufficient funds to make all or any of such investments. Any decision by a Fund 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 (including an event of default under applicable debt documents in the event an equity cure cannot be made). Additionally, such failure to make such investments may result in a lost opportunity for the Fund to increase its participation in a successful portfolio company or the dilution of the Fund's ownership in a portfolio company if a third party invests in such portfolio company.

*Non-U.S. Investments.* The Funds may invest in portfolio companies that are organized or headquartered or have substantial sales or operations outside of the United States, its territories, and possessions. Such investments may be subject to certain additional risks 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 Fund), the application of complex U.S. and non-U.S. tax rules to cross-border investments, possible imposition of non-U.S. taxes on the Fund and/or the Partners with respect to the Fund's income, and possible non-U.S. tax return filing requirements for the Fund and/or the Partners.

Additional risks of non-U.S. investments include: (a) economic dislocations in the host country; (b) less publicly available information; (c) less well-developed and/or more restrictive laws, regulations, regulatory institutions and judicial systems; (d) greater difficulty of enforcing legal rights in a non-U.S. jurisdiction; (e) civil disturbances; (f) government instability; and (g) nationalization and expropriation of private assets. 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.

*Hedging Arrangements; Related Regulations.* Charger may (but is not obligated to) endeavor to manage a Fund's or any portfolio company's currency exposures, interest rate exposures or other exposures, using hedging techniques where available and appropriate. A Fund may incur costs related to such hedging arrangements, which may be undertaken in exchange-traded or over-the-counter ("OTC") contexts, including futures, forwards, swaps, options and other instruments. There can be no assurance that adequate hedging arrangements will be available on an economically viable basis or that such hedging arrangements will achieve the desired effect, and in some cases hedging arrangements may result in losses greater than if hedging had not been used.

In some cases, particularly in OTC contexts, hedging arrangements will subject a Fund to the risk of a counterparty's inability or refusal to perform under a hedging contract, or the potential loss of assets held by a counterparty, custodian or intermediary in connection with such hedging.

OTC contracts may expose a Fund to additional liquidity risks if such contracts cannot be adequately settled. Additionally, the tax rules applicable to hedging arrangements are complicated and could lead to incremental tax exposure even where an effective hedge is available.

Certain hedging arrangements may create for the General Partner and/or one of its affiliates an obligation to register with the U.S. Commodity Futures Trading Commission (“CFTC”) or other regulator or comply with an applicable exemption. Losses may result to the extent that the CFTC or other regulator imposes position limits or other regulatory requirements on such hedging arrangements, including under circumstances where the ability of a Fund or a portfolio company to hedge its exposures becomes limited by such requirements.

*Public Company Holdings.* A Fund’s investment portfolio may contain securities and debt issued by publicly held companies. Such investments may subject the Fund to risks that differ in type or degree from those involved with investments in privately held companies. Such risks include greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of a Fund to dispose of such securities and debt at certain times, increased likelihood of shareholder litigation and insider trading allegations against such companies’ executives and board members, including the Principals, and increased costs associated with each of the aforementioned risks.

*Distressed Investments.* The Funds may invest in the securities and obligations, including debt obligations that are in covenant or payment default, of companies experiencing significant financial difficulties and material operating issues, including companies that may have been, are or will become involved in bankruptcy proceedings or other restructuring, recapitalization or liquidation processes. Investments in such companies involve a substantial degree of risk that is generally higher than the risk involved in investing in companies that are not in financial or operational distress. Given the heightened difficulty of the financial analysis required to evaluate distressed companies, there can be no assurance that Charger will correctly evaluate the value of the assets of a distressed company securing its debt and other obligations or correctly project the prospects for the successful restructuring, recapitalization or liquidation of such company. Therefore, in the event that a portfolio company does become involved in bankruptcy proceedings or a restructuring, recapitalization or liquidation is required, the Fund may lose some or all of its investment or may be required to accept illiquid securities with rights that are materially different than the original securities in which the Fund invested.

*Non-controlling Investments.* The Funds may hold meaningful minority stakes in privately held companies and in some cases may have limited minority protection rights. In addition, during the process of exiting investments, the Funds at times may hold minority equity stakes of any size such as might occur if portfolio companies are taken public. As is the case with minority holdings in general, such minority stakes that a Fund may hold will have neither the control characteristics of majority stakes nor the valuation premiums accorded majority or controlling stakes. Where a Fund holds a minority stake, it may be more difficult for the Fund to liquidate its interests than it would be had the Fund owned a controlling interest in such company. Even if a Fund has contractual rights to seek liquidity of the Fund’s minority interests in such companies, it may be very difficult to sell such interests or seek a sale of such company upon terms acceptable to the

Fund, especially in cases where the interests of the other investors in such company have different business and investment objectives and goals.

*Uncertain Economic, Social and Political Environment.* Consumer, corporate and financial confidence may be adversely affected by current or future tensions around the world, fear of terrorist activity and/or military conflicts, localized or global financial crises or other sources of political, social or economic unrest. Such erosion of confidence may lead to or extend a localized or global economic downturn. A climate of uncertainty may reduce the availability of potential investment opportunities, and increases the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. In addition, limited availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses, in an uncertain environment or economic downturn may have an adverse effect on the economy generally and on the ability of a Fund and its portfolio companies to execute their respective strategies and to receive an attractive multiple of earnings on the disposition of businesses. This may slow the rate of future investments by a Fund and result in longer holding periods for investments. Furthermore, such uncertainty or general economic downturn may have an adverse effect upon a Fund's portfolio companies.

*Market Conditions.* The capital markets have experienced great volatility and financial turmoil. Moreover, governmental measures undertaken in response to such turmoil (whether regulatory or financial in nature) may have a negative effect on market conditions. General fluctuations in the market prices of securities and economic conditions generally may reduce the availability of attractive investment opportunities for a Fund and may affect the Fund's ability to make investments. Instability in the securities markets and economic conditions generally (including a slow-down in economic growth and/or changes in interest rates or foreign exchange rates) may also increase the risks inherent in a Fund's investments and could have a negative impact on the performance and/or valuation of the portfolio companies. A Fund's performance can be affected by deterioration in the capital markets and by market events, such as the onset of the credit crisis in the summer of 2007 or the downgrading of the credit rating of the United States in 2011, which, among other things, can impact the public market comparable earnings multiples used to value privately held portfolio companies and investors' risk-free rate of return. Movements in foreign exchange rates may adversely affect the value of investments in portfolio companies and a Fund's performance. Volatility and illiquidity in the financial sector may have an adverse effect on the ability of a Fund to sell and/or partially dispose of its portfolio company investments. Such adverse effects may include the requirement of a Fund to pay break-up, termination or other fees and expenses in the event a Fund is not able to close a transaction (whether due to the lenders' unwillingness to provide previously committed financing or otherwise) and/or the inability of the Fund to dispose of investments at prices that Charger believes reflect the fair value of such investments. The impact of market and other economic events may also affect a Fund's ability to raise funding to support its investment objective.

*Material Non-Public Information.* As a result of the operations of Charger and its affiliates, Charger may come into possession of confidential or material, non-public information. Therefore, Charger and its affiliates 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 Charger's internal policies. Due to these restrictions, a Fund may not be able to make an investment that it otherwise might have made or sell an investment that it otherwise might have sold.

*Unfunded Pension Liabilities of Portfolio Companies.* Recent court decisions have found that, where an investment fund owns 80% or more (or under certain circumstances less than 80%) of a portfolio company, such fund (and any other 80%-owned portfolio companies of such fund) might be found liable for certain pension liabilities of such a portfolio company to the extent the portfolio company is unable to satisfy such liabilities. Each Fund may, from time to time, invest in a portfolio company that has unfunded pension fund liabilities, including structuring the investment in a manner where the Fund may own an 80% or greater interest in such a portfolio company. If a Fund (or other 80%-owned portfolio companies of the Fund) were deemed to be liable for such pension liabilities, this could have a material adverse effect on the operations of the Fund and the companies in which the Fund invests. This discussion is based on current court decisions, statute and regulations regarding control group liability under the Employee Retirement Income Security Act of 1974, as amended, as in effect as of the date of this Brochure, which may change in the future as the case law and guidance develops.

*Valuation of Assets.* There is not expected to be an actively traded market for most of the securities owned by the Funds. When estimating fair value, Charger will apply a methodology it determines to be appropriate based on accounting guidelines and the applicable nature, facts and circumstances of the respective investments. Valuations are subject to multiple levels of review for approval. 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 by Charger 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.

*Cybersecurity Breaches and Identity Theft.* Charger, the Funds and the Funds' investments generally rely on information technology systems for current and planned operations. Information and technology systems of Charger and the Funds' portfolio companies and projects may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. If any systems designed to manage such risks are compromised, become inoperable for extended periods of time or cease to function properly, Charger, a Funds, a portfolio company or project may have to make a significant investment to fix or replace them. Any disruption in any of these systems or the failure of any of these systems to operate as expected could, depending on the magnitude of the problem, adversely affect a Fund's investment results and its ability to make distributions to its investors. The failure of these systems and / or of disaster recovery plans for any reason could cause significant interruptions in Charger's, a Fund's, a portfolio company's and / or a project's operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). Such a failure could harm Charger's, a Fund's,

a portfolio company's and / or a project's reputation, subject them and their respective affiliates to legal claims and otherwise affect their business and financial performance.

***Privacy Law Compliance Risk.*** Compliance with current and future privacy data protection and information security laws and regulations ("**Privacy Laws**") could significantly impact current and planned privacy and information security related practices, the collection, use, sharing, retention and safeguarding of personal data and current and planned business activities of Charger, a Fund and its portfolio companies, and as such could increase costs and require the dedication of additional time and resources to compliance for such entities. A failure to comply with such Privacy Laws could result in fines, sanctions or other penalties, which could materially and adversely affect the results of operations and overall business, as well as have a negative impact on reputation and Fund performance. As Privacy Laws are implemented, interpreted and applied, compliance costs for the Funds and / or its portfolio companies are likely to increase, particularly in the context of ensuring that adequate data protection and data transfer mechanisms are in place.

***Coronavirus and Public Health Emergencies.*** As of the date of this brochure, there is an outbreak of a novel and highly contagious form of coronavirus ("**COVID-19**"), which the World Health Organization has declared to constitute a "Public Health Emergency of International Concern." The outbreak of COVID-19 has resulted in numerous deaths, adversely impacted global commercial activity and contributed to significant volatility in certain equity, debt, derivatives and commodities markets. The impact extent and duration of such negative impact, to the private equity industry and global markets as a whole, is currently unknown. The global impact of the outbreak is rapidly evolving, and many countries have reacted by instituting (or strongly encouraging) quarantines, prohibitions on travel, the closure of offices, businesses, schools, retail stores, restaurants, hotels, courts and other public venues, and other restrictive measures designed to help slow the spread of COVID-19. Businesses are also implementing similar precautionary measures. Such measures, as well as the general uncertainty surrounding the dangers and impact of COVID-19, are creating significant disruption in the global public and private markets, supply chains and economic activity and are having a particularly adverse impact on transportation, hospitality, tourism, entertainment and other industries. Moreover, with the continued spread of COVID-19, governments and businesses are likely to take increasingly aggressive measures to help slow its spread. For this reason, among others, as COVID-19 continues to spread, the potential impacts, including a global, regional or other economic recession, are increasingly uncertain and difficult to assess.

Any public health emergency, including any outbreak of COVID-19, SARS, H1N1/09 flu, avian flu, other coronavirus, Ebola or other existing or new epidemic diseases, or the threat thereof, could have a significant adverse impact on a Fund and its portfolio companies and could adversely affect a Fund's ability to fulfill its investment objectives.

The extent of the impact of any public health emergency on a Fund's and its portfolio companies' operational and financial performance will depend on many factors, including the duration and scope of such public health emergency, the extent of any related travel advisories and restrictions implemented, the impact of such public health emergency on overall supply and demand, goods and services, investor liquidity, consumer confidence and spending levels, and levels of economic activity and the extent of its disruption to important global, regional and local supply chains and economic markets, all of which are highly uncertain and cannot be predicted.

For this reason, valuations in this environment are subject to heightened uncertainty and subject to numerous subjective judgments, any or all of which could turn out to be incorrect with the benefit of hindsight. Furthermore, traditional valuation approaches that have been used historically may need to be modified in order to effectively capture fair value in the midst of significant volatility or market dislocation. The effects of a public health emergency may materially and adversely impact the value and performance of a Fund's portfolio companies, a Fund's ability to source, manage and divest investments (including but not limited to circumstances where potential transactions are already signed but not closed) and a Fund's ability to achieve its investment objectives, all of which could result in significant losses to a Fund. In addition, the operations of a Fund, its portfolio companies, and the Adviser may be significantly impacted, or even temporarily or permanently halted, as a result of government quarantine measures, voluntary and precautionary restrictions on travel or meetings and other factors related to a public health emergency, including its potential adverse impact on the health of the personnel of any such entity or the personnel of any such entity's key service providers. The impact to businesses in such circumstances has been and is expected to continue to be substantial.

In connection with the impacts of the current pandemic and any future such public health crisis, the Funds are expected to incur heightened legal expenses which could similarly have an adverse impact to such Fund's returns. For example, but not by limitation, a Fund or its portfolio companies may be subject to heightened litigation and its resulting costs, which costs may be significant and are expected to be borne by such Fund and/or its portfolio companies. There is also a heightened risk of cyber and other security vulnerabilities during the current public health emergency and any future one, which could result in adverse effects to a Fund or the portfolio companies in the form of economic harm, data loss or other negative outcomes.

While the U.S. Food and Drug Administration and other similar regulators globally have approved COVID-19 vaccines (some for emergency use only) and these vaccines are currently available to the general public in the United States and in some non-U.S. jurisdictions, due to limited supply, they are not yet widely available to the general public in many other jurisdictions. As newly developed vaccines, not all of the side effects are currently known. A substantial proportion of the population may choose to "wait and see" before getting vaccinated, which could prolong the effects of COVID-19. In addition, certain vaccines were initially found to be about 95 percent effective, however, the vaccines appear to have reduced efficacy against certain existing and emerging variants of COVID-19, and emerging variants may be more transmissible or deadly than existing variants of COVID-19. It is expected that many countries will continue to encounter issues with respect to the distribution, uptake and efficacy of COVID-19 vaccines and treatments. There can be no assurance on the continuing effects of COVID-19 on the economy generally or its effect on the Funds and their ability to achieve their investment objectives.

*Uncertain Geopolitical Events.* International and / or local geopolitical events are likely to influence the investments, properties, borrowers and markets targeted by the Funds. Geopolitical events, including, without limitation, national referenda, political elections, international violent and non-violent conflicts, political movements and reactions to national and international emergencies, can affect monetary policy, fiscal policy, international relations, currency valuations, legal systems and regulatory regimes, among numerous other things, in ways that could impact the Funds and / or their ability to operate and / or pursue their investment strategies.

In February 2022, Russian President Vladimir Putin ordered the Russian military to invade two regions in eastern Ukraine (the Donetsk People's Republic and Luhansk People's Republic regions), and subsequently commenced a full-scale invasion of Russia's pre-positioned forces into Ukraine, including Russia's forces pre-positioned in Belarus. In response, the United States, United Kingdom, and European Union have imposed sanctions designed to target the Russian financial system, and a number of countries have banned Russian planes from their airspace. Further sanctions may be forthcoming, and the U.S. and allied countries have announced that they are committed to taking steps to prevent certain Russian banks from accessing international payment systems. Russia's invasion of Ukraine, the resulting displacement of persons both within Ukraine and to neighboring countries and the increasing international sanctions could have a negative impact on the economy and business activity globally. Furthermore, given the ongoing nature of the conflict between the two nations and its ongoing escalation, it is difficult to predict the conflict's ultimate impact on global economic and market conditions, and, as a result, the situation presents material uncertainty and risk with respect to the Funds and the performance of their investments or operations, and the ability of the Funds to achieve their investment objectives.

### **Conflicts of Interest**

Charger expects to engage in a broad range of advisory and non-advisory activities, including investment activities for its own account and for the account of multiple Funds and investment vehicles, and providing transaction-related, legal, management and other services to Funds and portfolio companies. Charger will devote such time, personnel and internal resources as are necessary to conduct the business affairs of each Fund in an appropriate manner, as required by the relevant Partnership Agreement. In the ordinary course of Charger conducting its activities, the interests of a Fund may conflict with the interests of Charger, one or more other Funds, portfolio companies or their respective affiliates. Certain of these conflicts of interest are discussed herein. As a general matter, Charger will determine all matters relating to structuring a Fund's transactions and operations using its best judgment considering all factors it deems relevant, but in its sole discretion, subject in certain cases to the required approvals by the relevant Fund's Advisory Board.

Until such time as Charger is permitted under the Partnership Agreement to raise a successor investment fund to the Funds, Charger generally will pursue substantially all appropriate investment opportunities that meet the investment criteria of each Fund principally for the benefit of the Funds, subject to certain exceptions set forth in the Partnership Agreement. However, Charger may in the future manage several other investment funds besides the 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. Over time, certain investment opportunities suitable for a Fund are likely also to be suitable for other investment funds sponsored by Charger or its affiliates. In determining which investment funds should participate in such investment opportunities, subject to the Partnership Agreement, Charger and its affiliates are subject to potential conflicts of interest among the investors in the Fund and investors in the other investment funds sponsored by Charger. To determine whether a Fund or other investment funds sponsored by Charger or its affiliates will participate in the relevant investment opportunity, Charger generally assesses whether an investment opportunity is appropriate for each relevant fund based on the terms of such fund's limited partnership agreement, as well as factors including but



not limited to: each fund's investment restrictions and objectives (including those set forth in the relevant fund's partnership agreements, where applicable), strategy, risk profile, time horizon, tax sensitivity, tolerance for turnover, asset composition, cash level (if any), applicable regulatory restrictions, life cycle and structure. Each Fund may invest together with other funds advised by an affiliated adviser of the General Partner in the manner set forth in the relevant partnership agreements and Charger's Allocation Policy. Charger will determine the allocation of investment opportunities among funds in a manner that it believes is fair and equitable consistent with Charger's obligations and may take into consideration factors such as those set forth above. In the event that the available amount of an investment opportunity in which a Fund will invest exceeds an amount appropriate for the Fund, such excess may also be offered to one or more potential investors.

Charger's allocation of investment opportunities among a Fund and any of the other investment funds sponsored by Charger may not always, and often will not, be proportional. Therefore, such allocations may be more advantageous to a Fund relative to one or all of the other investment funds, or vice versa. While Charger will allocate investment opportunities in a way that it believes in good faith is fair and equitable to the respective Fund, there can be no assurance that the Fund's actual allocation of an investment opportunity, if any, or terms on which the allocation is made, will be as favorable as they would be if the conflicts of interest to which Charger may be subject did not exist.

Additionally, conflicts of interest can arise if a Fund makes an investment in a portfolio company in conjunction with an investment made by another investment fund sponsored by Charger or an affiliate. For instance, a Fund may not invest through the same investment vehicles, have the same access to credit or employ the same hedging or investment strategies as such other investment fund. This may result in differences in price, investment terms, leverage and associated costs between a Fund and any other investing fund sponsored by Charger or an affiliate. There can be no assurance that a Fund and the other investing fund(s) will exit the investment at the same time or on the same terms, and there can be no assurance that the Fund's return on such an investment will be the same as the returns achieved by any other investment fund participating in the transactions. Given the nature of these conflicts, there can be no assurance that the resolution of these conflicts will be beneficial to the Fund.

In the event that multiple Funds invest at the same, different or overlapping levels of a portfolio company's capital structure, Charger may be subject to conflicts of interest in determining the terms of each such investment and in giving advice and taking actions on behalf of a Fund versus another Fund during the course of each such investment. If a Fund enters into any indebtedness with another Fund on a joint and several basis, the General Partner is expected to enter into one or more agreements that provide each relevant Fund with a right of contribution, subrogation or reimbursement. In certain circumstances Funds may be prohibited from exercising (or Charger may deem it appropriate to refrain from exercising) voting or other rights in order to mitigate the relevant potential conflicts, notwithstanding the fact that the investment(s) of one Fund or the other may be subject to creditor claims regarding subordination of interests. In administering, or seeking to reinforce, these agreements, Charger may be subject to conflicts of interest, for example if a Fund has a reimbursement obligation and another Fund is seeking reimbursement or vice versa. Charger intends to mitigate any potential conflicts by structuring such agreements in a

manner intended to cause each of the Funds to bear its proportionate share of the applicable indebtedness.

Charger may be faced with a variety of potential conflicts of interest when it determines allocations of various fees and expenses to a Fund. Charger, in its sole discretion, will allocate fees and expenses in accordance with the Partnership Agreement and in a manner that it believes in good faith is fair and equitable to a Fund under the circumstances and considering such factors as it deems relevant. The allocations of such expenses may not be proportional, and any such determinations involve inherent matters of discretion, e.g., in determining whether to allocate pro rata based on number of funds or co-investors receiving related benefits or proportionately in accordance with asset size.

The Funds intend to make controlling investments in portfolio companies. As a result of these controlling interests, Charger typically has the right to appoint portfolio company board members (including current or former Charger personnel or persons serving at their request), or to influence their appointment, and to determine or influence the determination of their compensation. Additionally, from time to time, portfolio company board members approve compensation and other amounts payable to Charger in connection with services provided by Charger and its affiliates to such portfolio company, and, except to the extent such amounts are subject to the Partnership Agreement's offset provision, are in addition to the Management Fee or carried interest discussed herein. Charger's authority to appoint or influence the appointment of portfolio company board members who may be involved in approving compensation payable to Charger subjects Charger and any such portfolio company board appointees to potential conflicts of interest.

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

Additionally, a portfolio company typically will reimburse Charger or service providers retained at Charger's discretion for expenses (including, without limitation, travel expenses) incurred by Charger or such service providers in connection with the performance of services for such portfolio company. This subjects Charger to conflicts of interest because the Funds generally do not have an interest or share in these reimbursements, and the amount of such reimbursements over time is expected to be substantial. Subject to the Partnership Agreement and its internal reimbursement policies and practices, Charger determines the amount of these reimbursements for such services in its own discretion.

Charger may also, from time to time, employ personnel with pre-existing ownership interests in or who were employed by portfolio companies owned by a Fund or other funds or investment vehicles advised by Charger; conversely, former personnel or executives of Charger may serve in significant management roles at portfolio companies or service providers

recommended by Charger. Similarly, Charger and/or its personnel maintain relationships with (or may invest in) financial institutions, service providers and other market participants, including managers of private funds, banks and brokers. Certain of these persons or entities will invest (or will be affiliated with an investor) in, engage in transactions with and/or provide services (including services at reduced rates) to, Charger, and/or a Fund, other funds or other investment vehicles Charger advises. Charger may have a conflict of interest with a Fund in recommending the retention or continuation of a third-party service provider to the Fund or a portfolio company owned by the Fund if such recommendation, for example, is motivated by a belief that the service provider or its affiliate(s) will continue to invest in one or more funds Charger advises, will provide Charger information about markets and industries in which Charger operates (or is contemplating operations) or will provide other services that are beneficial to Charger. Charger may have a conflict of interest in making such recommendations, in that Charger has an incentive to maintain goodwill between itself and the existing and prospective portfolio companies for a Fund and other funds and investment vehicles that Charger advises, while the products or services recommended may not necessarily be the best available to the portfolio companies held by a Fund.

Over the life of a Fund, Charger generally expects to exercise its discretion to recommend to the Fund or to a portfolio company thereof that it contract for services with various service providers, potentially including, among others: (i) Charger (or an affiliate, which may include other portfolio companies of the Fund or other investment funds sponsored by Charger or an affiliate) and at rates determined or substantively influenced by Charger; (ii) an entity with which Charger or its affiliates or current or former members of their personnel has a relationship or from which such person derive a financial or other benefit; or (iii) a Limited Partner (or a limited partner of another fund) or its affiliates. This subjects Charger to potential conflicts of interest, because although it intends to select service providers that it believes are aligned with its operational strategies and that will enhance portfolio company performance, Charger may have an incentive to recommend the related or other person because of its financial or business interest. Additionally, there is a possibility that Charger, because of such incentive or for other reasons (including whether the use of such persons could establish, recognize, strengthen or cultivate relationships that have the potential to provide longer-term benefits to Charger, a Fund or other investment funds sponsored by the General Partner or its affiliates), may favor such retention or continuation even if a better price and/or quality of service provider could be obtained from another person. Whether or not Charger has a relationship with or receives financial or other benefit from recommending a particular service provider, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

The fact that the General Partner's carried interest is based on a percentage of net profits may create an incentive for the General Partner to cause the Fund to make riskier or more speculative investments or to hold an investment longer than otherwise would be the case.

Charger may, in its 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 by Charger in its 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 Charger in its sole discretion, may not be in the best interests of a Fund or any individual Limited Partner. In exercising its sole

discretion in connection with such co-investment opportunities, Charger may consider some or all of a wide range of factors, which may include factors which benefit Charger such as the likelihood that an investor may invest in a future fund sponsored by Charger or its affiliates.

A 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, a Fund may in certain circumstances be liable for actions of its third-party co-venturer or partner. There can be no assurance that a Fund's return from a transaction would be equal to and not less than the return of another party that was allocated a co-investment opportunity and that is participating in the same transaction.

In addition, from time to time, Charger in order to consummate a transaction or facilitate the acquisition of a portfolio company and ensure a Fund is afforded an investment opportunity or otherwise, may cause the Fund to fund (or commit to fund) on behalf of certain co-investors with a view to selling down a portion of such investment to such co-investors or other persons at a later time or prior to or within a period after the closing of the acquisition. A Fund may or may not receive compensation for such activities. If a Fund does not find co-investors and/or in the event that the co-investors breach their covenant to purchase the investment from the Fund, the Fund will have an allocation to an investment that is larger than originally anticipated. In addition, a Fund will bear the risk that any or all of the excess portion of such investment could only be sold on unattractive terms. A Fund may also bear the entire portion of any breakup fees, costs or expenses or, if the excess portion of such investment has not been sold, the Fund may bear the entire portion of any other fees, costs and expenses related to such investment, hold a larger than expected investment in such portfolio company and could realize lower than expected returns from such investment.

Furthermore, decisions regarding whether and to whom to offer co-investment opportunities may be made by Charger or its related persons in consultation with other participants in the relevant transactions, such as a co-sponsor. Co-investment opportunities may, and typically will, be offered to some and not to other Limited Partners. When and to the extent that employees and related persons of Charger make capital investments in or alongside a Fund, Charger is subject to conflicting interests in connection with these investments. Charger's allocation of co-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.

## **ITEM 9 - DISCIPLINARY INFORMATION**

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

## **ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

The Adviser is affiliated with the General Partner, which is subject to the Advisers Act pursuant to the Adviser's registration in accordance with SEC guidance. These affiliated entities operate as a single advisory business together with the Adviser and serve as a general partner of the Funds generally share common owners, officers, partners, employees, consultants or persons occupying similar positions.

## **ITEM 11 - CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

Charger has adopted a Code of Ethics and Securities Trading Policy and Procedures (the "Code"), which sets forth standards of conduct that are expected of Charger principals and employees and addresses conflicts that arise from personal trading. The Code requires certain Charger personnel to report their personal securities transactions and prohibits Charger personnel from directly or indirectly acquiring beneficial ownership or disposing of certain securities. In addition, the Code requires such personnel to comply with procedures 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 Robert Guillen, Chief Compliance Officer, at (310) 372-5525. Personal securities transactions by employees who manage client accounts are required to be conducted in a manner that prioritizes the client's interests in client eligible investments.

Charger may come into possession, from time to time, of material non-public 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, Charger 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 Charger.

Accordingly, should Charger come into possession of material non-public or other confidential information with respect to public and non-public companies, Charger generally would be prohibited from communicating such information to clients, and Charger 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 Charger serving as directors of public companies and may restrict trading on behalf of clients, including a Fund.

Principals and employees of Charger may directly or indirectly own an interest in one or more Funds, including certain co-invest vehicles. To the extent that co-invest vehicles exist, such vehicles may invest in one or more of the same portfolio companies as a Fund. Co-invest opportunities may also be presented to certain affiliates of Charger, as well as third party investors and other persons, and such co-investments may be effected through co-invest vehicles or directly in a particular portfolio company. Such co-investment opportunities generally will be allocated in the manner described under "Methods of Analysis, Investment Strategies and Risk of Loss."

Charger and its principals and employees may carry on investment activities for their own account and for family members, friends or others who do not invest in a Fund, and may give advice and recommend securities to vehicles which may differ from advice given to, or securities recommended or bought for, any Fund, even though their investment objectives may be the same or similar. The operative documents and investment programs of certain Funds may restrict, limit or prohibit, in whole or subject to certain procedural requirements, investments of certain other vehicles in issuers held by such Funds or may give priority with respect to investments to such Funds. Some of these restrictions could be waived by investors (or their representatives) in such Funds.

From time to time, Charger may borrow funds on behalf of a Fund and contribute such borrowed amounts to the relevant Fund as a special capital contribution for investment, to be redeemed at a later date. Interest in connection with such borrowing is borne by the relevant Fund as a Fund expense, consistent with its Partnership Agreement and the expense policy described under “Fees and Compensation.” In borrowing on behalf of a Fund, Charger is subject to conflicts of interest between repaying its obligations and retaining such borrowed amounts for the benefit of the Fund. Charger will effect such borrowings in a manner it believes to be fair and equitable to the relevant Fund, and consistent with Charger’s obligations to such Fund and its Partnership Agreement.

## **ITEM 12 - BROKERAGE PRACTICES**

Charger focuses 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, Charger may also distribute securities to investors in a Fund or sell such securities, including through using a broker-dealer, if a public trading market exists. Although Charger does not intend to regularly engage in public securities transactions, to the extent it does so, it follows the brokerage practices described below.

If Charger sells publicly traded securities for a Fund, it is responsible for directing orders to broker-dealers to effect securities transactions for accounts managed by Charger. In such event, Charger will seek to select brokers on the basis of best price and execution capability. In selecting a broker to execute client transactions, Charger may consider a variety of factors, including: (i) execution capabilities with respect to the relevant type of order; (ii) commissions charged; (iii) the reputation of the firm being considered; (iv) responsiveness to requests for trade data and other financial information; and (v) other factors suggested by the SEC for determining best execution and set forth in the Charger Compliance Manual.

Charger has 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 reduce the expenses incurred for effecting client transactions to the extent consistent with the interests of such clients. Although Charger generally seeks competitive commission rates, it may 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 Charger seeking to obtain best execution, brokerage commissions on client transactions may be directed to brokers in recognition of research furnished by them, although Charger generally does not make use of such services at the current time and has not made use of such services since its inception. While Charger has not made use of “soft dollars” to date, to the extent Charger uses such “soft dollars” on behalf of the Funds, it will seek to do so within the safe harbor provided by Section 28(e) of the Securities Exchange Act of 1934, as amended.

Charger does not anticipate engaging in significant public securities transactions; however, to the extent that Charger engages in any such transactions, 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 Funds are completed independently, Charger may also purchase or sell the same securities or instruments for several Funds simultaneously. From time to time, Charger may, but is 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 Fund of Charger is favored over any other Fund. When an aggregated order is filled in its entirety, each participating Fund generally will receive the average price obtained on all such purchases or sales made during such trading day. To the extent such orders are not batched, they may have the effect of increasing brokerage commissions or other costs.

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

Each Fund 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 Funds over time. These exceptions include, but are not limited to standing commitments from clients; cash flow changes (including available cash, redemptions, and exchanges), which may provide a basis to deviate from a pre-established allocation as long as doing so would not result in an unfair advantage to specific clients over time; clients with specialized investment objectives or restrictions emphasizing investment in specific investments or types of specified borrowers or collateral may be given priority over other clients or investors in allocating such investments; clients or investors may have specific investment size restrictions that affect allocations; prior investments in other accounts or special purpose vehicles; each client’s investment objectives and investment focus; each client’s appropriate risk profile; each client’s liquidity and reserves; each client’s risk appetite; each client’s diversification; each client’s targeted rate of return; anticipated holding period and/or liquidity of the investment; composition of each client’s portfolio; tax implications; legal, contractual or regulatory constraints; and timeliness of an investment commitment.

In Charger’s private company securities transactions on behalf of the Funds, Charger may retain one or more broker-dealers or investment banks, the costs of which will be borne by the relevant Fund and/or its portfolio companies. In determining to retain such parties, Charger may

consider a variety of factors, including: (i) capabilities with respect to the type of transaction being contemplated; (ii) commissions or fees charged; (iii) reputation of the firm being considered; and (iv) responsiveness to requests for information. As a result, although Charger generally will seek reasonable rates for such services, the market for such services involves more subjective evaluations than public securities brokerage transactions, and the Funds may not pay the lowest commission or fee for such services.

### **ITEM 13 - 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, Charger closely monitors 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.

Each Fund generally will provide to its limited partners (i) audited financial statements annually, (ii) unaudited financial statements, for the first three (3) quarters of each fiscal year, (iii) annual tax information necessary for each investor's tax returns, and (iv) descriptive investment information for each portfolio company periodically.

### **ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION**

Charger may provide certain business or consulting services to companies in a Fund's portfolio and may receive compensation from these companies in connection with such services. As described in the relevant Partnership Agreement, this compensation may, in many cases, offset a portion of the Management Fees paid by such Fund. However, in other cases (*e.g.*, reimbursements for out of pocket expenses directly related to a portfolio company), these fees may be in addition to Management Fees. *See* "Fees and Compensation."

From time to time, Charger may enter into arrangements pursuant to which it compensates third parties for referrals that result in a potential investor becoming a limited partner in a Fund. Any fees payable to any such placement agents will be borne by Charger indirectly through an offset against the Management 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). Pursuant to an agreement entered into by Charger and UBS Securities LLC ("**UBS**"), Charger compensates UBS for acting as a placement agent with respect to certain Funds.

### **ITEM 15 - CUSTODY**

Charger maintains custody of assets held in the name of one or more Funds with the following qualified custodian: Bank of Montreal. Further, Charger intends, with respect to the Funds, to comply with the private fund audit requirements as provided in Rule 206(4)-2(b)(4) under the Advisers Act. Charger currently expects to distribute audited financial statements to the investors in each Fund on an annual basis within 120 days of the end of the Fund's fiscal year or earlier to the extent set forth in the relevant Partnership Agreement.



## **ITEM 16 - INVESTMENT DISCRETION**

Charger has discretionary authority to manage investments on behalf of each Fund. As a general policy, Charger does not allow clients to place limitations on this authority. Pursuant to the terms of the relevant Partnership Agreement, however, Charger may enter into Side Letters with certain limited partners whereby the terms applicable to such limited partner's investment in a Fund 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. Charger assumes this discretionary authority pursuant to the terms of the Partnership Agreement and powers of attorney executed by the Limited Partners of such Fund.

## **ITEM 17 - VOTING CLIENT SECURITIES**

Charger has adopted the Proxy Voting Policies and Procedures (the “**Proxy Policy**”) to address how it will vote proxies, as applicable, for its Funds' portfolio investments. The Proxy Policy seeks to ensure that Charger votes proxies (or similar instruments) in the best interest of each Fund, including where there may be material conflicts of interest in voting proxies. Charger generally believes its interests are aligned with those of each Fund's investors, for example, through the principals' beneficial ownership interests in such Fund and therefore will not seek investor approval or direction when voting proxies. In the event that there is or may be a conflict of interest in voting proxies, the Proxy Policy provides that Charger may address the conflict using several alternatives, including by seeking the approval or concurrence of a Fund's Advisory Board on the proposed proxy vote or through other alternatives set forth in the Proxy Policy. Additionally, a Fund's Advisory Board may approve Charger's vote in a particular solicitation. Charger does not consider service on portfolio company boards by Charger personnel or Charger's 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 Proxy Policy sets forth certain specific proxy voting guidelines followed by Charger when voting proxies on behalf of a Fund. If you would like a copy of Charger's complete Proxy Policy or information regarding how Charger voted proxies for particular portfolio companies, please contact Robert Guillen, Chief Compliance Officer, at (310) 372-5525, and it will be provided to you at no charge.

## **ITEM 18 - FINANCIAL INFORMATION**

Charger does not require prepayment of Management Fees six months or more in advance or have any other events requiring disclosure under this item of the Brochure.