

**ITEM 1. COVER PAGE**



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**March 31, 2023**

**Part 2A of Form ADV: Firm *Brochure***

**This brochure provides information about the qualifications and business practices of Renovus Associates, LLC (“Adviser” and/or “Renovus”) and its relying adviser Rcap Investors, LLC. If you have any questions about the contents of this brochure, please contact us at [jean.tucker@renovuscapital.com](mailto:jean.tucker@renovuscapital.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.**

**Registration with the SEC does not imply a certain level of skill or training. Additional information about the Adviser is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## **ITEM 2. MATERIAL CHANGES**

This brochure has been updated to reflect changes to Renovus' investment advisory business since the most recent filing of Renovus' Brochure, which was filed with the SEC on March 31, 2022. There have been no material changes since that filing.

A summary of any material changes to this and subsequent Brochures will be made available to you within 120 days of the close of our fiscal year. We may also provide you with additional updates or other disclosure information at other times during the year in the event of any material changes to our business.

This Brochure may be requested by contacting Jean Tucker, Chief Compliance Officer, at 610-848-7723 or [jean.tucker@renovuscapital.com](mailto:jean.tucker@renovuscapital.com). Additional information about Renovus, including a copy of this Brochure, is also available via the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## **ITEM 4. ADVISORY BUSINESS**

### **Nature of Advisory Business**

Renovus Associates, LLC (“Renovus” or “Adviser”) is a private equity firm focused on lower middle market buyout investments in the knowledge and talent industry. The knowledge and talent industry consists of education, training and human capital businesses (businesses with a skilled workforce they provide on an outsourced basis to corporate customers). Renovus commenced operations in 2010 and was founded by Bradley Whitman, Atif Gilani, and Jesse Serventi. Renovus’ focus is on small capital companies primarily with EBITDA of \$3-10 million.

Renovus is a Delaware limited liability company, and as detailed in Schedule R of ADV Part 1, has a relying adviser Rcap Investors, LLC (“Relying Adviser”). As stated in the Cover Page hereto, references to “Renovus” throughout this Brochure shall refer to Renovus together with its Relying Adviser, unless the context otherwise requires. Renovus, together with its Relying Adviser, conducts a single advisory business subject to a unified compliance program.

Adviser provides discretionary investment advice to the following collective investment vehicles: 1.) two SBIC funds including, Renovus Capital Partners II, L.P., and Renovus Capital Partners III, L.P. (the “SBIC Funds”); 2.) five co-investment vehicles including, CM Acquisitions Co-invest, LLC, Collegis Co-invest, LLC, Renovus Ras Co-invest Holdings, LLC, EDDY Co-invest I, LLC, and EDDY Co-invest II, LLC (the “Co-Investment Vehicles”); and 3.) two non-SBIC private funds including, Renovus Capital Partners IIIA, L.P. and Renovus Capital Partners, L.P. (“the Non-SBIC Funds”). Adviser provides infrequent investment advice to a separately managed account (“SMA”) for which it does not receive any fees. Additionally, the Relying Adviser provides discretionary investment advice to three investment vehicles as described in Part 1 of this ADV including, Rcap DG, LLC, Rcap Ascension, LLC, and Rcap TriStar, LLC (“Rcap Funds”). The SBIC Funds, Co-investment Vehicles, Non-SBIC Funds, and the Rcap Funds shall be collectively referred to as the “Funds.” The Funds, together with the SMA (collectively, the “Clients”), constitute the only clients for whom Renovus provides investment advisory services as of the date of this Brochure.

Renovus’ focus is on small capital companies primarily with EBTIDA of \$3-10 million. Renovus believes that this end of the market offers strong risk-adjusted returns because the businesses are large enough to support strong management teams and invest in growth but are too small to attract interest from most private equity buyers. Renovus has found that these companies are often founder-owned and available at attractive valuations because they lack the management team depth, internal systems and diversified product offerings to be considered “investment grade.” Renovus believes these shortcomings scare away many potential buyers but also create the opportunity for a value-add investor to generate strong returns.

In providing advisory services to the Funds, the Adviser sources new investment opportunities, makes investment and divestment recommendations, manages the Funds’ assets, and provides reports to the investors. In most cases, the Funds have the ability to select key individuals to run the company in which the Funds make an investment (“Portfolio Company”) and/or to designate an Adviser employee to participate in a Portfolio Company’s board meetings as a board member or an observer.

The Adviser performs these services according to the terms of the applicable management

agreements between each of the Funds and the Adviser. In situations where there is not a management agreement in place, such services will be governed by the applicable governing documents. In addition, the Adviser provides administrative support services to the Funds.

Based on the calculation for “regulatory assets under management,” as of December 31, 2022 the Adviser had \$1,140,013,517 of assets under management which are all managed on a discretionary basis.

## **ITEM 5. FEES AND COMPENSATION**

### **General Information Regarding Fees and Expenses**

Renovus receives management fees in connection with the investment advisory services it provides to certain of its Clients and may also receive carried interest allocations and other performance-based fees, as detailed in *Item 6 Performance-Based Fees and Side-by-Side Management*. Each Client’s fee structure is fully described in such Client’s governing document(s). Renovus pays all normal operating expenses such as compensation and benefits of Renovus officers, directors and employees, rent, utilities, insurance (other than premiums for insurance covering indemnified parties), office supplies, office equipment and other normal operating expenses that relate to the operation of Renovus.

All investors and prospective investors should review the governing documents of each Fund in conjunction with this brochure for complete information on the fees and compensation payable with respect to a particular Fund. Different Funds are subject to different management fees and performance-based compensation arrangements. In certain circumstances, the advisory fees payable to Renovus may be negotiable. Investors and prospective investors in each Fund should note that similar advisory services may (or may not) be available from other investment advisers for similar or lower fees.

### **Fees**

#### ***SBIC Funds***

The SBIC Funds pay Renovus an annual management fee and carried interest. Subject to the specific terms set forth in the applicable Fund’s governing documents, the annual management fee payable by a Fund investor in quarterly installments is generally equal to 2% of the sum of the (1) the SBIC Fund’s unfunded and funded capital commitments plus distributions made pursuant to the SBIC Law, as detailed in the SBIC Fund’s governing documents and (2) the SBIC Fund’s drawn and undrawn SBA leverage (i.e., the total amount of outstanding securities issued by the SBIC Fund that qualifies as leverage and has not been redeemed or repaid as provided in the SBIC Law) during the initial investment period of the Fund, as set forth in the governing documents. After the end of the initial investment period of the Fund, Renovus charges a 2% fee on the aggregate cost of investments, subject to certain adjustments. Such management fee is subject to reduction (i.e., offset) for certain amounts including, a specified percentage of certain types of portfolio company remuneration received by Renovus, including, but not limited to, break-up fees, closing fees and monitoring fees subject to the relevant management services agreement. The fees for the SBIC Funds are more fully described in the Fund governing documents.

Additionally, pursuant to the SBIC Funds' governing documents, the general partner of the Fund is entitled to receive "carried interest" with respect to each Fund investor equal to 20% of the investment profits the investor receives in respect of such Fund, subject to satisfaction of an 8% hurdle rate. The hurdle rate or "preferred return" is the annual compounded return than that a Fund investor is entitled to receive prior to the Fund's general partner becoming entitled to receive its carried interest. Carried interest is generally paid out of proceeds the applicable Fund receives in respect of its portfolio investments from the disposition of portfolio investments. Please refer to the SBIC Fund governing documents for a more in-depth description of the carried interest payments.

### ***Co-investment Vehicles***

Renovus is not paid a management fee for their services of the Co-investment Vehicles, from the funds themselves. However, Renovus receives carried interest and performance benefits as described in Item 6. Generally, Renovus is entitled to receive "carried interest" with respect to each investor equal to 20% of the investment profits the investor receives in respect of such Co-Investment Vehicle subject to an agreed upon hurdle rate. Carried interest is generally paid out of proceeds the applicable Co-Investment Vehicles receives in respect of its portfolio investments from the disposition of portfolio investments. Such fees are negotiated on a deal-by-deal basis. Renovus may also receive certain portfolio company remuneration as provided for in management service agreements with the underlying portfolio company. Please refer to the Co-Investment Vehicle's governing documents for a more in-depth description of the associated payments.

### ***The Non-SBIC Funds***

The Fund pays an investment management fee of 2% of all funded or unfunded capital commitments during the Fund's initial investment period, and thereafter 2% of the aggregate cost of investments, subject to certain adjustments. Such management fee is subject to reduction (i.e., offset) for certain amounts including, a specified percentage of certain types of portfolio company remuneration received by Renovus, including, but not limited to, breakup fees, closing fees and monitoring fees subject to the relevant management services. The fees for the Non-SBIC Funds are more fully described in the Fund governing documents.

Additionally, pursuant to the Non-SBIC Funds' governing documents, the general partner of the Fund is entitled to receive "carried interest" with respect to each Fund investor equal to 20% of the investment profits the investor receives in respect of such Fund, subject to satisfaction of an 8% hurdle rate. The hurdle rate or "preferred return" is the annual compounded return than that a Fund investor is entitled to receive prior to the Fund's general partner becoming entitled to receive its carried interest. Carried interest is generally paid out of proceeds the applicable Fund receives in respect of its portfolio investments from the disposition of portfolio investments. Please refer to the Non-SBIC Funds governing documents for a more in-depth description of the carried interest payments.

### ***Separately Managed Account***

Renovus does not receive a management fee from the SMA. Renovus may receive certain portfolio company remuneration as provided for in management service agreements with the underlying portfolio company.

### ***Rcap Funds***

Renovus does not receive a management fee for its role as managing member of the Rcap Funds, from the funds themselves. However, Renovus is entitled to receive “carried interest” with respect to each investor equal to 20% of the investment profits the investor receives, subject to satisfaction of an 8% hurdle rate. The hurdle rate or “preferred return” is the annual compounded return than that an investor is entitled to receive prior to Renovus becoming entitled to receive its carried interest. Carried interest is generally paid out of proceeds the Rcap Fund receives in respect of its portfolio investments from the disposition of portfolio investments. Rcap may also receive certain types of portfolio company remuneration as more fully described in the governing documents. Please refer to the Rcap Funds governing documents for a more in-depth description of the associated payments.

### Expenses

The Funds pay for all expenses relating to their activities (to the extent not reimbursed by a portfolio company), including: all expenses incurred in connection with the evaluation, acquisition, holding, refinancing, recapitalization, disposition or proposed disposition of any Fund investments; management fees; costs and fees relating to the preparation of financial and tax reports, portfolio valuations and tax returns of the Fund; the costs of prosecuting or defending any legal action for or against the Fund, the general partner, or their affiliates; all costs related to the Fund's indemnification of the general partner, its affiliates and the members of the Fund's advisory boards; interest on and fees and expenses arising out of all permitted borrowings made by the Fund; the costs of any litigation, director and officer liability or other insurance and indemnification or extraordinary expense or liability relating to the affairs of the Fund; all unreimbursed out-of-pocket costs relating to investment transactions that are not consummated; all expenses of liquidating a Fund; and any taxes, fees or other governmental charges levied against the Fund and all expenses incurred.

**Notwithstanding anything contained in this Brochure, all fees and expenses are controlled by the applicable Fund governing documents. If any conflict between the governing documents and this Brochure exists, the governing documents shall control. Investors are advised to refer to the governing documents for a more in-depth description of all fees and expenses.**

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

### **Performance-Related Compensation**

Renovus is entitled to receive carried interest allocations from certain Funds based on realized profits from investments. Such performance-related compensation is subject to hurdles and claw-backs. The offering documents of the Funds contain the method by which the performance-related compensation is calculated. Carried interest or performance-based fee arrangements may create an incentive for Renovus to invest in riskier or more speculative instruments. Renovus’ senior investment personnel have invested in one or more of the Funds so the interests of those personnel and the Funds should generally be aligned. Additionally, the presence of a claw back provision upon the termination of the Fund substantially reduces any such incentive because gains and losses on individual investments are netted against each other. Specifically, if there has been any distribution of carried interest to the General Partner and if the distributions received by the Limited Partners have been insufficient to provide the required return of capital and preferred return, the General Partner will be obligated to return previously received carried interest payments (the “claw back”) to the Limited Partners. The claw back is limited to the after-tax amount of carried interest previously distributed to the General Partner.

### Investments by Related Parties

Certain Clients and/or members, partners, employees, or affiliates of Renovus may have a previous investment in a prospective portfolio company of another Client. However, the Client considering an investment in such a portfolio company will only be allowed to invest in that company if it is approved by the Client's advisory board (or equivalent) and, in the case of the SBIC Fund, approved by the SBA if required by SBIC Law. There also may be instances where an affiliate of Renovus invests in a portfolio company in which certain Clients and/or members, partners, employees, or affiliates of Renovus may have a previous investment. In such instances, the affiliate of Renovus providing the additional capital may in connection with its investment receive securities with priority or preference over the securities held by such Clients and/or members, partners, employees, or affiliates of Renovus. In such instances, the approval of the previously invested Clients' advisory board (or equivalent) will be required for such investment and, in the case of the SBIC Fund, approval by the SBA, if required by SBIC Law.

### **Side-by-Side Management**

Renovus manages multiple Funds both in the same strategy as well as different strategies. Parallel Funds are managed in parallel with the main Fund and investments are generally allocated on a consistent prescribed ratio based on fund size. Renovus also manages co-invest vehicles that may invest in particular investments made by the main Fund and its parallel funds. Conflicts only arise in the event there are co-investment opportunities within a strategy that would be available to one or more of the Funds in that strategy or be available to other investors in the Funds, related parties or third parties. For example, where a closed Fund would not have enough capital to fund a follow-on investment but such investment is suitable for an open Fund in the same strategy. Additionally, certain Funds within a strategy may have higher or more favorable performance-based compensation arrangements than other accounts based on investment specific factors. When the Advisor and its investment personnel manage more than one Fund a potential conflict exists for a Fund with higher or more favorable performance-based compensation to be favored over another. Accordingly, such conflicts may be addressed in limited partnership agreements or other governing documents for the Funds.

## **ITEM 7. TYPES OF CLIENTS**

Renovus provides investment advisory services directly to the Clients, subject where applicable to the direction and control of the managing member or general partner of a Fund (please see Item 4 for a more detailed description of the Adviser's current clients).

The investors of the Funds may include corporations, endowments, foundations, financial institutions, trusts, estates, fund-of-funds, individuals and pension and profit-sharing plans. The Funds are offered exclusively to accredited investors and/or qualified purchasers pursuant to Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act of 1940, as amended (the "Company Act"), and are therefore not required to register as investment companies under the Company Act in reliance upon certain exemptions available to the Funds the securities of which are not publicly offered.

### ***Minimum Investment Requirements***

Currently, there is no minimum investment amount requirement for an investor to invest in the Funds. The general partner of each Fund evaluates each investment on a case-by-case basis.



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

### Investment Strategies

Renovus focuses on making control investments in businesses with \$3 - \$10 million of EBITDA. Renovus believes this end of the market offers the best risk-adjusted returns because the businesses are large enough to support strong management teams and invest in growth but are too small to attract interest from most private equity buyers.

Renovus combines its buyout strategy with a focus on a specific industry—Knowledge & Talent—in which its principals have had significant investment experience and a track record of investments. This industry has a number of characteristics that make it an attractive investment area.

- **Large and Important Industry**—Renovus believes demand for education and training is on the upswing, largely driven by the overall shift of the U.S. economy towards industries which require greater skills and education. Renovus further believes that human capital businesses are also growing rapidly as jobs become more specialized, increasing the appeal of outsourcing to corporations.
- **Strong Growth Trends**—Education spending has historically grown faster than U.S. GDP. Renovus believes this trend should continue since the fastest growing parts of the economy, IT and healthcare, both require workers with advanced skills and college educations.
- **Non-cyclical Industry**—The Knowledge & Talent industry is mostly composed of non-cyclical sectors. Education and training spending has grown every year over the past 50 years including recession years like 2001-2002 and 2008-2010.
- **Mature & Defensible Business Model**—Renovus invests in companies that have a proven and stable business model. It would avoid companies that compete primarily on price or are in sectors where business models are subject to rapid change. Regulated education businesses are a good example of a defensible business model because the extensive approvals required create a high barrier to entry.
- **Ability to Withstand Business Cycle Changes**—Renovus pursues a strategy of avoiding companies where there is a potential to lose all of the invested capital due to an economic downturn. These include companies with unproven business models, companies that depend on cyclical funding sources and companies that operate in markets that have a history of dramatic change wiping out existing players (e.g., early stage technology). In addition, Renovus will take swift action to reduce costs or change management if performance deteriorates.
- **High Free Cash-flow**—Most Knowledge & Talent businesses can be profitable at a very small scale. As a result, there are a large number of cash-flow positive small businesses that Renovus invests in. Renovus also focuses on companies that have high EBITDA to free cash-flow conversion due to limited capital expenditure requirements and/or a pass-through structure for tax purposes.
- **Meaningful Growth Opportunities**—Renovus focuses on investing in companies that can put the invested capital to good use for growth. Knowledge & Talent is fundamentally a growth industry and companies that can take advantage of this trend will generate superior returns to their investors.
- **Ability for Renovus to Add Value**—Because of Renovus' experience and relationships in the Knowledge & Talent industry, the Renovus team is well-positioned to help its portfolio companies achieve operational improvements. Renovus focuses on businesses where its principals can create

meaningful value through new growth initiatives, margin expansion due to enhanced systems and processes, additions to the management team and accretive acquisitions.

### **Relying Adviser**

Through its business development and proprietary network of relationships, the Adviser often sources attractive investment opportunities outside of the Knowledge and Talent industry or capital solution goals provided for by its traditional private equity funds. Within that framework, Renovus' Relying Adviser, RCap Investors, LLC, utilizes the three funds identified in Item 4 it manages to make control equity and select minority investments in lower middle market companies with the following general characteristics: revenues of at least \$10 million, defensible market position, positive industry dynamics, history of profitability, EBITDA margins of at least 10%, strong management and low customer concentration. The Relying Advisers' funds have broad industry focus with a flexible investment horizon and the goal of improving companies' operations by implementing revenue growth strategies, developing human capital, improving systems and financial controls and making complementary add-on acquisitions.

### **Risk of Loss**

#### **Nature of Investments.**

A substantial portion of the Funds' investments will be in equity or equity-related investments that by their nature involve business, financial, market and/or legal risks. While such investments offer the opportunity for significant capital gains, they also involve a high degree of risk that may result in substantial losses. There can be no assurance that Renovus will correctly evaluate the nature and magnitude of the various factors that could affect the value of such investments. Prices of the investments may be volatile, and a variety of other factors that are inherently difficult to predict, such as domestic or international economic and political developments, may significantly affect the results of the Funds' activities. As a result, a Fund's performance over a particular period may not necessarily be indicative of the results that may be expected in future periods.

#### **Illiquidity of Portfolio Investments.**

The Funds' investment portfolios will consist primarily of investments in private companies. The securities in which the Funds will invest may be among the most junior in a portfolio company's capital structure, and thus subject to the greatest risk of loss. It is unlikely that there will be a readily available market for the Funds' investments and most of the Funds' investments will be difficult to value. The Funds will generally not be able to sell their respective securities publicly unless their sale is registered under applicable securities laws or unless an exemption from such registration requirement is available. It is highly speculative as to whether and when a portfolio company will be able to register its securities so that the securities become eligible for trading in public markets. In addition, in some cases, the Funds may be prohibited by contract or legal or regulatory reasons from selling securities for a period of time. There can be no assurance that the Funds will be able to realize such investments at attractive prices or otherwise be able to effect a successful realization or exit strategy. Consequently, dispositions of such investments may require a lengthy time period or may in the future, result in distributions in kind to the investors.

#### **Risks Associated with Investments in Middle Market Companies.**

A substantial component of the Funds' investment strategies is to invest in middle market companies. While investments in middle market companies may present greater opportunities for growth, such investments may also entail larger risks than are customarily associated with investments in large companies. Medium-sized companies may have more limited product lines, markets and financial resources, and may be dependent on a smaller management group. As a result, such companies may be more vulnerable to general economic trends and to specific changes in markets and technology.

In addition, future growth may be dependent on additional financing, which may not be available on acceptable terms when required. Further, there is ordinarily a more limited marketplace for the sale of interests in smaller private companies, which may make realizations of gains more difficult, by requiring sales to other private investors. In addition, the relative illiquidity of private equity investments generally, and the somewhat greater illiquidity of private investments in small and medium-sized companies, could make it difficult for the Funds to react quickly to negative economic or political developments.

#### **Lack of Diversification.**

Diversification is not an objective of the Funds and, subject to the concentration limits and other investment restrictions set forth in the applicable governing documents, the Funds may take large positions in a small number of portfolio companies. As a consequence, the aggregate returns to Fund investors may be substantially adversely impacted by the unfavorable performance of even a single portfolio company.

#### **Risks in Effecting Operating Improvements.**

In some cases, a Fund's investment strategy will depend, in part, on the ability of the Fund to restructure and effect improvements in the operations of a portfolio company. The activity of identifying and implementing restructuring programs and operating improvements at portfolio companies entails a high degree of uncertainty. There can be no assurance that a Fund will be able to successfully identify and implement such restructuring programs and improvements.

#### **Non-Controlling Investments.**

Although the Funds generally intend to make control investments, the Funds may from time to time hold non-controlling interests in portfolio companies where the Funds may not be able to control or effectively influence the business or affairs of such entities. Such portfolio companies may have economic or business interests or goals that are inconsistent with those of a Fund, and the Funds may not be in a position to influence those interests or goals or otherwise protect the value of a Fund's investments in such entities, although as a condition of making such investments, it is expected that appropriate shareholder rights generally will be sought to protect the Funds' investments. In certain instances, a Fund will co-invest in a portfolio company with financial, strategic or other third-party investors. Such investments will involve additional risks not present in investments where a third party co-investor is not involved, including the possibility that a third-party co-investor may have economic or business interests or objectives that are inconsistent with those of the Fund or may be in a position to take (or block) action in a manner contrary to the Fund's interests or objectives. In addition, the Fund may, in certain circumstances, be liable for actions of its third-party co-investors.

#### **Regulation by SBA.**

The SBIC Funds are subject to SBA regulations and policies which may change during the life of the SBIC Funds in ways that might require the SBIC Funds to alter its business activities. Current SBA regulations provide SBA with certain rights and remedies if any SBIC Fund violates their terms. A key regulatory metric for SBA is the extent of "**Capital Impairment**", which is the extent of realized (and, in certain circumstances, net unrealized) losses compared with the SBIC's private capital commitments. Interest payments, management fees, organization and other expenses are included in determining "realized losses". SBA regulations preclude the full amount of "unrealized appreciation" from portfolio companies from being considered when calculating capital impairment in certain circumstances. Remedies for regulatory violations are graduated in severity depending on the seriousness of capital impairment or other regulatory violation. For minor regulatory infractions, warnings are given. For serious infractions, the use of debentures may be limited or prohibited,

outstanding debentures can be declared to be immediately due and payable, restrictions on distributions and making new investments may be imposed, management fees may be required to be reduced and investors may be required to pay their unfunded capital commitments to the SBIC. In severe cases, SBA may require the investors to remove the SBIC Funds' general partner or its officers, directors, managers or partners, or SBA may obtain appointment of a receiver for SBIC Funds.

#### **Use of SBIC Leverage.**

The leverage obtained from the SBIC program will rank senior to the capital invested in the SBIC Funds by investors. As such, if a SBIC Fund fails to generate a net profit, any losses will be borne disproportionately by the investors since all capital proceeds from SBIC Fund's portfolio investments will first have to be used to repay the SBIC leverage before distributions can be made to investors. Additionally, the SBIC Funds will have to make semi-annual interest payments on its drawn SBIC leverage. Failure to make these payments or to meet the SBIC program's other compliance requirements could result in a loss of access to additional SBIC leverage or even an acceleration of the outstanding SBIC leverage.

#### **Limits on Distributions.**

Pursuant to SBA regulations, an SBIC with outstanding debentures may distribute cumulative realized profits (less unrealized losses on investments) to its investors, but it may not return more than 2% of its outstanding capital to investors in any fiscal year without SBA's prior approval. Historically, SBA has permitted repayments in excess of 2% only pursuant to an approved "wind-up" plan filed by an SBIC pursuant to which SBA determines that repayment of the outstanding Debentures is adequately assured. These limits on distributions may result in investors in the SBIC receiving "phantom income."

#### **Regulatory and Sector Risks.**

Renovus will primarily invest in the U.S. knowledge & talent industry. While this industry is large and covers a variety of sectors, Renovus' focus does expose it to adverse changes in the industry, including, but not limited to, unfavorable changes in regulations governing education companies, declines in government funding for education and increased competition from public and non-profit educational institutions.

#### **Reliance on Company Management.**

Although Renovus may seek representation on the board of directors of portfolio companies and expects to develop a good working relationship with such companies with respect to strategic and general operational matters, Funds are not expected to actively supervise the day-to-day management of the companies in which it invests. To the extent that the senior management of a portfolio company performs poorly, or if a key manager terminates employment, Fund investments in such company could be adversely affected.

#### **Follow-On Investments.**

A Fund may be called upon to provide follow-on funding to its portfolio companies or may have the opportunity to increase its investment in a portfolio company. Although the Funds' respective general partners may use capital commitments to make follow-on investments, there is no assurance that the Funds and their respective co-investors will wish to make such follow-on investments or that the Funds and their respective co-investors will have sufficient capital to do so. Accordingly, third-party sources of financing may be required, but there is no assurance that such additional sources of financing will be available, or, if available, will be on terms favorable to the Funds. A Fund's decision not to make a follow-on investment or its inability to do so may have an adverse impact on such

portfolio company in need of such an investment or may diminish the Fund's proportionate ownership in such portfolio company and thus its ability to influence such portfolio company's future development and it could have a significant negative impact on the Fund's investment.

**Control Liability.**

The Funds will generally seek observation or visitation rights or the right to designate directors to serve on the boards of directors of portfolio companies. In addition, affiliates of Renovus have and will continue to serve, from time to time, as officers or directors of portfolio companies. The foregoing rights and activities, especially in light of new statutes and regulations relating to corporate governance and increased scrutiny of corporate boards, could expose Renovus, its affiliates, and the assets of the Fund to regulatory action and/or claims by a portfolio company, its security holders, and its creditors. In addition, the Fund may be prohibited from selling publicly traded securities of a portfolio company if Renovus is in possession of material non-public information relative to such entity. While Renovus and the respective general partners intend to manage the Funds in a way that will minimize exposure to these risks, the possibility of successful claims or adverse regulatory action cannot be eliminated, and such events may have a significant adverse effect on the Fund. Investors in the Funds are requested to refer to the governing documents of the applicable Fund for more complete information on the risks associated with an investment in a Fund.

**Diverse Investor Group.**

Investors may have conflicting investment, tax and other interests with respect to their investments in the Funds. The conflicting interests of individual investors may relate to or arise from, among other things, the nature of investments made by the Funds, the structuring or the acquisition of investments and the structure, timing or manner of disposition of investments. As a consequence, conflicts of interest may arise in connection with decisions made by Renovus, including with respect to the nature or structuring of investments or dispositions, that may be more beneficial for one investor than for another investor, especially with respect to investors' individual tax situations. In selecting and structuring investments appropriate for the Funds, Renovus will consider the investment and tax objectives of each Fund and its investors as a whole, not the investment, tax or other objectives of any investor individually.

**Cybersecurity.**

Renovus, the Funds and their respective portfolio companies generally rely on information technology systems for current and planned operations. Information and technology systems of Renovus and each Fund's portfolio companies 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, Renovus, a Fund and/or a portfolio company 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 the fund's investment results and its ability to make distributions to its partners. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in Renovus', the Funds' and/or a portfolio company'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 Renovus', the Funds' or a portfolio company's reputation, subject them and their respective affiliates to legal claims and otherwise affect their business and financial performance.

**Force Majeure.**

Portfolio company investments may be affected by force majeure events (i.e., events beyond the control of the party claiming that the event has occurred, including, without limitation, acts of God, fire, flood, earthquakes, outbreaks of an infectious disease, pandemic or any other serious public health concern, war, terrorism, labor strikes, major plant breakdowns, pipeline or electricity line ruptures, failure of technology, defective design and construction, accidents, demographic changes, government macroeconomic policies, social instability, etc.). Some force majeure events may adversely affect the ability of a party (including a portfolio company or a counterparty to a Fund or a portfolio company) to perform its obligations until it is able to remedy the force majeure event. In addition, forced events, such as the cessation of the operation of machinery for repair or upgrade, could similarly lead to the unavailability of essential machinery and technologies. These risks could, among other effects, adversely impact the cash flows available from a portfolio company, cause personal injury or loss of life, damage property, or instigate disruptions of service. In addition, the cost to a portfolio company or a Fund of repairing or replacing damaged assets resulting from such force majeure event could be considerable. Force majeure events that are incapable of or are too costly to cure may have a permanent adverse effect on a portfolio company. Certain force majeure events (such as war or an outbreak of an infectious disease) could have a broader negative impact on the world economy and international business activity generally, or in any of the countries in which the Funds may invest specifically. Additionally, a major governmental intervention into industry, including the nationalization of an industry or the assertion of control over one or more portfolio companies or its assets, could result in a loss to the Funds, including if the investment in such portfolio companies is canceled, unwound or acquired (which could be without adequate compensation). Any of the foregoing may therefore adversely affect the performance of a Fund and its investments.

**Concentration Risk – Service Providers.**

**Funds may at certain times have material portions of their assets exposed to the credit risk of a particular custodian or other service provider. Such a concentration could magnify the risks to the Funds of a failure of one or more of such custodians. The Funds and Adviser are also reliant upon the proper performance of duties and obligations of their respective service providers. Funds may be adversely impacted in a material manner if one or more of the service providers to the strategy or Adviser fail to adequately perform their functions. In addition, key activities undertaken in connection with Adviser and the Funds' operations may be concentrated in one or more service providers, which may expose the Funds to risks if one or more of such service providers does not provide—or becomes incapable of providing—services in the normal course.** **ITEM 9. DISCIPLINARY INFORMATION**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Renovus or the integrity of Renovus' management. None of Renovus, its Relying Adviser, or its collective management have been subject to any legal or disciplinary events required to be discussed in this Brochure.

**ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS****Other Business Activities**

Renovus does not engage in any other business activity other than the investment advisory services provided to the Clients.

## Relationships with Related Persons

As discussed in the subsection titled “Participation or Interest in Client Transactions and Personal Trading,” Renovus and its related persons are, directly or indirectly, the general partners, limited partners and/or managing members of the general partner of each of the Funds. Renovus and its related persons manage multiple Funds. This can create conflicts in the allocation of time, resources and investment opportunities among the Funds. Please refer to the governing documents of the relevant Fund for complete information on the requisite time commitments (if any) of Renovus and its related persons to the Funds and the allocation of investment opportunities among the Funds. Please also refer to the description of Renovus’ investment allocation policy described in the subsection “Side-by-Side Management” above.

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

### **Generally**

Renovus is subject to a Code of Ethics (the “Code”) in accordance with Rule 204A-1 of the Advisers Act. Renovus has adopted a Code of Ethics which sets forth appropriate ethical standards of business conduct that Renovus requires of its employees, including compliance with its fiduciary duty and applicable federal and state securities laws. The Code sets out standards of business personal conduct for each employee and addresses conflicts that arise from personal trading by such persons and provides for disciplinary sanctions for Code violations. The Code is reviewed and revised, if needed, on an annual basis.

The policies and procedures set forth in the Code recognize that as an investment adviser, Renovus is in a position of trust and confidence with respect to its clients and has a duty to place the interests of its clients before the interests of Renovus and its employees, which duty includes an obligation to address or mitigate both conflicts of interest and the appearance of any conflicts of interest. The Code sets out standards of business and personal conduct for each employee and addresses conflicts that arise from personal trading by such persons and provides for disciplinary sanctions for Code violations. The Code also recognizes that as an investment adviser registered under the Advisers Act, Renovus has a further obligation to comply with the provisions of the Advisers Act as well as the other U.S. federal securities laws.

The Code requires employees to (1) act with integrity, honesty, competence, and in an ethical manner when dealing with the public, regulators, clients, investors, prospective investors and their fellow employees, (2) adhere to the highest standards with respect to any potential material conflicts of interest with clients, and (3) preserve the confidentiality of information that they may obtain in the course of Renovus’ business and use such information properly and not in anyway adverse to the interests of clients, subject to the legality of using such information.

As a general practice, if the Clients and a related person of Renovus are seeking to invest in the portfolio company at the same time, an investment of a related person will only be allowed if disclosures concerning any conflict of interest are made, in advance, via preclearance of transaction to the Chief Compliance Officer. Please refer to ***Item 6 Performance-Based Compensation and Side-by-Side Management*** for more detail.

Service providers of Renovus and the Funds may invest in the Funds directly or through their

affiliates. This creates a potential conflict of interest because Renovus could have an incentive to engage a different service provider than it would if not for the investment by the service provider and/or its affiliates. However, in engaging service providers, Renovus conducts arms' length due diligence to ensure that each service provider will serve the best interests of Clients. The Code also prohibits unfair dealing of any sort.

Renovus has adopted inside information barrier policies and procedures to provide for the proper handling of confidential information (i.e., nonpublic information received or created by Renovus in connection with its activities) to prevent violations of laws and regulations prohibiting the misuse of such information and to avoid situations that might create an appearance of such misuse.

Under the Code, employees are prohibited from trading in securities of any company while in possession of material, non-public information regarding the company. Therefore, employees of Renovus are required to disclose all brokerage or securities accounts, unless otherwise exempted from reporting in accordance with the Act, in the individual's name or over which the employee has any direct or indirect beneficial ownership, including accounts over which investment discretion is exercised either directly or indirectly.

The Code of Ethics restricts employees' ability to conduct activities outside of Renovus that may conflict with the interests of clients, requires preclearance of initial public offerings and private placements of limited offerings, and provides for the imposition of sanctions for Code violations.

Renovus' Code of Ethics also includes guidance, limitations and reporting requirements regarding giving or receiving gifts and entertainment between Renovus' Supervised Persons and certain third parties (e.g. vendors, portfolio company managers, fund investors, consultants, etc.) to mitigate the potential for conflicts of interest surrounding these practices.

A copy of Renovus' Code of Ethics is available to our investors upon written request to the Chief Compliance Officer.

#### Principal Transactions and Transactions Between Clients

In limited circumstances, to the extent permitted in a Client's governing documents and by applicable law and regulation, Renovus may engage in principal transactions and transactions wherein securities are sold by one or more Clients to one or more other Clients, including, for example, as described in this Brochure under ***Item 4 Advisory Business***. Any principal transactions engaged in will be principal transactions solely due to the fact that Renovus and its controlling persons may hold a greater than 25% ownership interest in a Client involved in the transaction; Renovus does not intend to engage in transactions between Clients and its own account or the accounts of its principals solely. Renovus may receive compensation from such transactions in the form of fees earned based on the net asset value of the Client that receives the subject securities or carried interest distributions based on the performance of such securities. Renovus will, to the extent required by applicable law or regulation and each Client's governing documents, obtain the prior consent of a Client for such transactions. Renovus will not receive any compensation for executing any such transaction. Underlying investors of each Client should note that the governing documents of a Client may authorize the advisory board (or equivalent) of a Client to provide such consent on behalf of such Client. Renovus may face a potential conflict of interest in engaging in such transactions. Renovus has adopted policies and procedures in relation to such transactions and to mitigate such conflicts.



## **ITEM 12. BROKERAGE PRACTICES**

Renovus does not currently effect transactions in securities through broker-dealers. Renovus does not receive compensation, soft dollars, research, or any remuneration from any broker-dealer.

## **ITEM 13. REVIEW OF ACCOUNTS**

### *Review of Client Accounts*

Renovus will continuously monitor portfolio investments on behalf of the Funds. Investments are reviewed in the context of each Fund's stated investment objectives and guidelines as set forth in the governing documents of each Fund. Members of Renovus' investment team meet regularly to determine and review overall investment objectives, risk tolerance and other information relevant to the Funds.

### *Reports to Clients*

Subject to the respective governing documents of each fund, certain Funds distribute quarterly and annually written reports to their respective limited partners. Annual reports generally contain an individual capital account statement as of the end of such fiscal year, a list of the Funds' investments as of the end of the applicable fiscal year and the financial statements of the Funds.

Investors are requested to refer to the governing documents of each Fund for further information on the reports provided by a particular Fund to its investors.

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

Renovus has the authority to engage one or more persons to act as a placement agent for a Fund in connection with the offer and sale of interests to certain prospective investors. Renovus and the placement agent will individually negotiate fees payable to a placement agent. Generally, and except as otherwise set forth in the governing documents of a Fund, the general partner of the Fund will ultimately bear all fees and out-of-pocket expenses of any placement agent that solicits investors for Funds.

## **ITEM 15. CUSTODY**

Renovus will not have physical custody of any client assets (other than physical custody of certain privately offered securities held directly or indirectly by the Funds to the extent permitted by the Advisers Act). Nevertheless, Renovus is deemed to have constructive custody of the assets of the Funds as a result of its position as an affiliate of the general partner, manager, or managing member of each Fund. It is Renovus' policy with respect to each Client for which Renovus is deemed to have custody to either (i) cause audited financial statements to be prepared in accordance with U.S. generally accepted accounting principles ("GAAP") and distributed to investors no later than 120 days after the end of each fiscal year or (ii) engaged an independent accounting firm to conduct a surprise examination of such clients assets.

## **ITEM 16. INVESTMENT DISCRETION**

Renovus has discretionary authority with the Clients, excluding the SMA which is managed on a non-discretionary basis, to buy and sell securities or other investments on behalf of the Clients and to determine the amount of such investments to be bought and sold, subject to such restrictions as may be specified in the offering or governing documents.

## **ITEM 17. VOTING CLIENT SECURITIES**

Generally, Renovus' investments are in private companies and not publicly traded securities. In certain circumstances, however, if a private security becomes publicly registered, Renovus may be authorized with proxy voting responsibility. Accordingly, Renovus has adopted proxy voting policies. Renovus' proxy voting policy is to vote proxies in the best interest of the Funds, and its investors. Consideration is given to both the short- and long-term implications of the proposal to be voted on when considering the optimal vote. If a conflict arises, the board is required to approve the proxy vote.

## **ITEM 18. FINANCIAL INFORMATION**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about Renovus' financial condition under certain circumstances. Renovus has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to investors and has not been the subject of a bankruptcy proceeding.