

**Form ADV Part 2A**

**Compass Group Management, LLC**

**7701 Forsyth Boulevard, Seventh Floor  
St. Louis, MO 63105**

**March 2023**

This brochure provides information about the qualifications and business practices of Compass Group Management, LLC (“Compass” or the “Firm”, or “we”, “us” or “our”). If you have any questions about the contents of this brochure, please contact Katie Cason, Compass’ Chief Compliance Officer (“CCO”) at [katiec@cgep.com](mailto:katiec@cgep.com) or (314) 384-1117.

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.

Additional information about Compass is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Any reference to Compass as a “registered investment adviser” or being “registered” does not imply a certain level of skill or training.

## **ITEM I – MATERIAL CHANGES**

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There have been no material changes since Compass' previous Form ADV filing in March 2022.

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### ITEM 3 – **ADVISORY BUSINESS**

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Compass Group Management, LLC (“**Compass**,” the “**Firm**,” “**we**,” “**us**” or “**our**”), a Missouri Limited Liability Company, was organized in 2015 and is headquartered in St. Louis, MO. Compass is a wholly owned subsidiary of Compass Group Holdings, LP (“**Compass Group Holdings**”). Messrs. John Huhn and Chris Gibson control and are the principals of Compass and Compass Group Holdings.

Compass will provide investment advisory services to privately pooled private equity funds: Compass Group Fund II LP, Compass Group Fund II Feeder LP, Compass Group Fund II QP LP (each a Delaware Limited Partnership), and Compass Group Fund II Parallel LP (a Cayman Islands Limited Partnership). Hereinafter each is referred to as a “**Fund**” and collectively, the “**Funds**”).

Compass will manage the Funds pursuant to investment guidelines set forth in the relevant governing and offering documents of each Fund, including any Limited Partnership Agreement, Investment Management Agreement, Private Placement Memorandum and/or Subscription Agreement (each an “**Offering Document**,” and collectively, the “**Offering Documents**”). The Offering Documents contain more detailed information about the Funds, including a description of the investment objective and strategy or strategies employed by the Funds and related restrictions that serve as a limitation on Compass’ advice or management.

Compass will not tailor its advisory services to the individual investors in a particular Fund (each an “**Investor**” or “**Limited Partner**” and collectively the “**Investors**” or “**Limited Partners**”), or provide Investors with the right to specify, or restrict a Fund’s investment objectives or any investment decisions. Accordingly, an investment in a Fund does not create a client-adviser relationship between such Investors and Compass.

On occasion, Compass may form special purpose vehicles for the purpose of providing co-investment opportunities for Investors.

Each Fund will rely on an exception from the definition of an “investment company” under the Investment Company Act of 1940, as amended (the “**Investment Company Act**”). Compass Group II Fund LP and Compass Group Fund II Feeder LP will rely on Section 3(c)(1) of the Investment Company Act. Compass Group Fund II QP LP and Compass Group Fund II Parallel LP will rely on Section 3(c)(7) of the Investment Company Act.

Each Investor is strongly encouraged to undertake appropriate due diligence, including but not limited to a review of relevant Offering Documents and the additional details about Compass’ investment strategies, methods of analysis and related risks (as discussed in Item 8 of this Brochure and each Fund’s Offering Documents) in considering whether Compass’ advisory services, or an investment in a Fund are appropriate to its own circumstances, based on all relevant factors including, but not limited to, the Investor’s own investment objectives, liquidity requirements, tax situation and risk tolerance before making an investment decision.

Compass Group Fund II GP LLC, a Delaware Limited Liability Company and affiliate of Compass, will serve as the general partner of each Fund (the “**General Partner**”). The General Partner will have ultimate responsibility for decisions relating to management and operations made on behalf of the Funds and has ultimate responsibility for the investment decisions made on behalf of the Funds. The General Partner has delegated investment management and advisory responsibilities for the Funds to Compass.

Additional detailed information about Compass is provided below, including information about Compass' advisory services, investment approach, personnel and affiliations.

Compass will not participate in wrap fee programs.

As of December 31, 2022, Compass managed \$369,800,431 in regulatory assets under management ("**RAUM**") all on a discretionary basis.

#### ITEM 4 – **FEES AND COMPENSATION**

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##### **Management Fee from the Funds**

As an investment adviser to the Funds, and as further described in each Fund's Offering Documents, Compass will be entitled to receive an annual management fee (the "**Management Fee**") from the Funds, calculated and paid quarterly in advance. During the Investment Period (which will generally be five years from the date of the initial closing of each Fund), the Management Fee for each Limited Partner will generally equal 2% of such Limited Partner's commitment. After the end of the Investment Period, the Management Fee for each Investor will generally equal 2% of such Limited Partner's Capital Contributions with respect to investments that have not been disposed of or permanently written down.

Compass is permitted, at any time and in its sole and absolute discretion to defer all or any portion of the aggregate Management Fee payable by a Fund, and may defer, waive, reduce or calculate differently all or any portion of the Management Fee with respect to any Limited Partner. Affiliates of Compass, that are also a Limited Partner, including but not limited to, principals, members, and/or employees, will not pay any Management Fee.

The Management Fee can be paid from drawdowns of capital commitments, from borrowings incurred by a Fund, or from proceeds that would otherwise have been distributable by, or other available assets of, a Fund.

In connection with the Funds and its investments, the General Partner or Compass may receive transaction, management, investment banking, monitoring, closing, topping, break-up, and other similar fees ("**Other Fees**"). If any, 100% of such Other Fees will be applied to reduce the Management Fee for the following quarterly period (net of any unrecouped expenses which Compass or the General Partner has elected to pay on behalf of the Funds), provided, that Other Fees shall not encompass any fees or other compensation paid (whether in cash or in-kind) to Compass or its affiliates in consideration of it providing bona fide consulting or other similar services to clients, including entities associated with an investment but shall encompass the portion of such consulting or other similar fees allocable to the Funds' investment in an investment; and provided, further, that Other Fees shall not include any of the foregoing fees that Compass has elected to share with the Funds, but shall include any of the foregoing fees that Compass or General Partner has retained. To the extent such offsets would reduce the Management Fee for a given quarterly period below zero, such offsets will be carried forward and reduce future installments of the Management Fee. If upon termination of a Fund there remains any unapplied balance of the management fee offset, Compass will promptly refund to each Investor in such Fund(s) a cash amount equal to the Investor's prorated share of the unapplied balance of the

Management Fee offset, based on the share of the Management Fee funded by capital contributions by such Investor or otherwise attributable to such Investor. For the avoidance of doubt, any fees paid to a Fund(s) in connection with investments will not be included in Other Fees, but rather will be considered as investment proceeds that are subject to the distribution provisions, as prescribed in the Offering Documents.

### **Transaction and Other Fees from the Funds**

The Management Fee from each Fund will be reduced by an amount equal to 100% of Transaction Fees attributable to Compass or the General Partner and Limited Partners of each Fund (collectively, the “**Partners**”) not designated as “designated partners” by the General Partner and Monitoring Fees attributable to Compass or the General Partner or any other affiliate of Compass or the General Partner.

“**Transaction Fees**” include 100% of any: (i) directors’ fees, financing fees or advisory fees paid to Compass and/or the General Partner with respect to any Fund investment; (ii) Transaction Fees paid to Compass and/or 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 Compass or the General Partner, in each case net of certain expenses (including those described below) as set forth in the Limited Partnership Agreement of each Fund; but not including, in any event, any amount received by Compass and/or the General Partner, operating professionals or other person from a portfolio company (A) as reimbursement for expenses directly related to such portfolio company, (B) as payment for services provided to any portfolio company in the ordinary course of such portfolio company’s business, including payment for services provided by employees of Compass or its affiliates who provide services related to their functional expertise to a portfolio company (e.g., information technology, human resources, legal, etc.), (C) as compensation for services provided by Compass, the General Partner or other person as an employee of or in a similar capacity for such portfolio company or (D) as operating professional compensation for services rendered by operating professionals. Management Fee reductions will be carried forward if necessary.

“**Monitoring Fees**” include 100% of any monitoring fee, consulting fee, advisory fee or similar fee paid by a portfolio company to Compass and/or the General Partner or any other affiliate for services provided to such portfolio company in a capacity other than as an employee of such portfolio company.

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

Any Transaction Fees and Monitoring Fees with respect to an investment or potential investment (including a transaction not consummated) shall be allocated to the relevant Fund(s) (and offset against the Management Fee as described above) only to the extent of such Fund’s relative ownership (or anticipated ownership) of such investment or potential investment on a fully diluted basis. Accordingly, a 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 or Monitoring Fee and not the portion allocable to any other person that holds an economic interest in (or, in the case of a transaction not consummated, would have held an economic interest in) the applicable investment.

## **Organizational Expenses of the Fund**

The Funds will bear or reimburse Compass or the General Partner and its affiliates for the Funds' reasonable organizational and offering expenses, including legal, accounting, filing, capital raising (other than placement fees payable to a placement agent), printing, travel, and other organizational expenses (such as organizational and offering expenses, "Organizational Expenses") in an amount up to \$1 million in the aggregate for the Funds.

Organizational Expenses in excess of this amount will be borne by the Funds and reduce the Management Fee. Compass will bear the cost (through an offset against the Management Fee or otherwise) of all Organizational Expenses in excess of \$1 million, if any, and of any placement fees and expenses ("**Placement Fees**") payable to any placement agent in connection with the formation of the Funds and offering of Interests.

## **Compass Expenses**

Compass will be responsible for all ordinary administrative and overhead expenses incurred in connection with maintaining and operating its office, including employee's salaries, rent, utilities and equipment expenses, except as set forth below under Fund Expenses or as otherwise provided in the Limited Partnership Agreement of each Fund.

## **Fund Expenses**

The Funds will pay for, or reimburse Compass, the General Partner and/or their affiliates for, all other fees, costs, expenses, liabilities and obligations relating to the Funds and/or its activities, business, portfolio companies or actual or potential investments (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) the identification, selection and acquisition (whether or not consummated) of investments for the Funds, including, without limitation, attorneys' fees, consulting expenses, due diligence and similar costs, travel expenses, interest expense, brokerage commissions and fees and expenses of other investment-related service providers, including, but not limited to, certain expenses and costs of subsidiaries or other affiliated entities that are created to facilitate investment by the Funds and that otherwise would be incurred in connection with investments (ii) the management, operation, development, improvement, financing and disposition of the investments and (iii) the ongoing administration of the Funds (including legal, auditing, consulting, financing, accounting and other professional expenses); costs incurred by any Advisory Committee; the costs of indebtedness, hedging and guarantees (including interest thereon); expenses associated with the preparation of a Funds' financial statements, tax returns and each Investor K-1 or other equivalent report; costs of other regulatory or governmental charges including compliance with any law or regulation; costs related to the annual or periodic meetings of the Limited Partners and other meetings or conferences with Investors; the out of pocket costs of an Advisory Committee; costs in connection with any web portal or computer software; any extraordinary expenses under generally accepted accounting principles; costs of insurance; any taxes; the costs of any litigation or settlements paid in connection therewith; the costs of indemnification and the costs of restructuring, winding up, dissolving and liquidating the Funds (collectively, "**Fund Expenses**").

Compass may utilize certain industry executives and other similar persons serving in consulting roles with the Firm for the benefit of the Funds and portfolio companies (each a “**Compass Guide**”) and other operational advisory professionals, consultants, including consulting firms and/or persons employed or retained by Compass (collectively, together with the Compass Guides, the “**Operating Professionals**”). Compensation paid to the Operating Professionals will not be considered Directors’ Fees, Monitoring Fees or Transaction Fees, and therefore will not be offset against the Management Fee.

The recipients of this Brochure should refer to the Offering Documents of each Fund for a specific and a detailed description relating to expenses that may be borne by each Fund.

## **ITEM 5 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

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### **Carried Interest from the Funds**

The General Partner of the Funds shall be entitled to “carried interest” equal to a percentage of the return on capital distributed by each Fund after a preferred rate of return calculated based on proceeds received from the investments of each Fund. The carried interest payable to the General Partner of the Funds is detailed in the Offering Documents of each Fund and is based upon the following distribution waterfall:

- Return of all capital contributions for investments;
- Expenses, borrowings, guarantees, and management fees to Investors;
- Preferred Return of 8% thereon to Investors;
- 100% “catch up” to the General Partner generally equal to 20% of all amounts distributed pursuant to this and the prior clause; and
- Thereafter, generally 20% as “carried interest” to the General Partner and generally 80% to Investors.

The General Partner is permitted, at any time and in its sole and absolute discretion, to waive, reduce or calculate differently all or any portion of the Carried Interest distributions with respect to any Limited Partner. The General Partner is also permitted to elect, in respect of any portion of its Carried Interest distributions with respect to a Limited Partner, to defer receipt of such distributions in respect of such Limited Partner and receive distributions at a later date equal to the amount deferred. For the avoidance of doubt, no Affiliate Limited Partner will bear any Carried Interest distributions.

All distributions not directly attributable to a particular investment ordinarily will be made to the Partners in proportion to their capital contributions.

Notwithstanding the foregoing, Compass and/or the General Partner, at its election, will at all times be entitled to receive from each Fund tax liability distributions (“**Tax Distributions**”) in amounts sufficient to enable Compass and/or the General Partner and its members to cover their respective tax liability resulting from their distributive share of net taxable income from each Fund. Any Tax Distributions made to Compass and/or the General Partner will be treated as non-



interest bearing advances by the Funds on future distributions and will reduce their respective share of future distributions.

Compass and the General Partner will use commercially reasonable efforts to ensure that distributions prior to the termination of a Fund will be made in cash and marketable securities. Upon termination of a Fund, distributions may also include restricted securities or other assets of the Funds for which Compass and/or the General Partner may, in its sole discretion, seek a valuation from an appropriate independent expert.

The existence of performance-based distributions may create an incentive for Compass and/or the General Partner to make investments on behalf of the Funds or a portfolio company that are riskier than would be the case if a General Partner were not entitled to receive such performance-based distributions.

#### **ITEM 6 – TYPES OF CLIENTS**

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Compass shall provide discretionary investment advisory services to the Funds, and not individually to the Limited Partners in the Funds.

The Limited Partners in Compass Group II Fund LP and Compass Group Fund II Feeder LP will be “accredited investors” in reliance upon the exemption from registration provided by Section 4(2) of the Securities Act of 1933, as amended (the “**Securities Act**”), and Regulation D promulgated thereunder and “qualified clients” as defined in the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”), and the rules and regulations promulgated thereunder.

The Limited Partners in Compass Group Fund II QP LP and Compass Group Fund II Parallel LP will be (i) an “accredited investor”, and (ii) either a “qualified purchaser”, as defined in the Investment Company Act, or a “knowledgeable employee”, as defined under Rule 3c-5 of the Investment Company Act.

Each Fund’s minimum capital commitment is detailed in the relevant Fund’s Offering Documents. The minimum capital commitment can be waived by Compass in its sole discretion.

In addition, Compass may, in the future, offer investment advisory services to other pooled investment vehicles.

#### **ITEM 7 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

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##### **Investment Objective**

In advising the Funds, Compass intends to continue executing on its established strategy of thematic investing in the lower-middle market through investments in historically successful, free cash flow companies with strong macro trends that could benefit from the Compass *Playbook* value creation plan. Compass believes in thematic investing whereby M&A is not the strategy, but rather the strategy is an investment thesis in a specific industry sub-sector and M&A is the tactic upon which to execute that strategy. As discussed in Item 4 herein, Compass is led by John Huhn

and Chris Gibson (the “**Principals**”), who have seven years of shared working history at Compass. The Principals have a successful history of working together, and they bring over 45 years of combined experience in sourcing, deal execution, and managing control equity investments in the U.S. lower-middle market (focused on EBITDA at entry between \$2 million and \$12 million).

## **Investment Strategy**

Compass will seek to acquire entrepreneur- and family-owned companies where the Funds will represent the first institutional capital invested in the business. Compass believes this will allow the Funds to leverage the Firm’s diversified team to provide operational, strategic, and financial expertise to its portfolio companies. Compass will seek to acquire companies which meet specific investment thesis criteria in the lower-middle market that have reached a point of inflection or ownership transition and will partner with Compass to capitalize on their market position, achieve significant growth and increase enterprise value.

Compass intends to invest the assets of the Funds in approximately six to eight platform investments. The Funds will generally target equity investments in these companies in the amount of \$10 million to \$51 million per investment (not including potential co-investment opportunities), where the company has an enterprise value between \$10 and \$120 million, and EBITDA between approximately \$2 million to \$12 million at entry, whereby these companies meet the Funds’ active investment theses in two sectors: (i) niche manufacturing and distribution and (ii) business and consumer services.

Compass believes this prudent approach will allow the team to focus its time, energy, and effort on sourcing unique opportunities and being “hands on” during the value creation stage of its portfolio companies.

Compass has a specific investment strategy centered around five pillars:

- I. Geographic Focus:** Mid-America “Between the Mountains” lower-middle market businesses with whom Compass is culturally aligned. Compass believes its headquarters in St. Louis, MO provides a significant competitive advantage when sourcing and investing in tier 2 through tier 4 cities (e.g., cities with smaller population sizes in less established major metro areas) in the middle part of the country.
- II. Sector Focus:** Compass invests where its team has decades of investment experience. As mentioned, thematic investing in sub-sectors within two areas: (i) niche manufacturing and distribution and (ii) business and consumer services.
- III. Growth Oriented:** Thematic investing focused on attractive sub-sectors with potential for growth. Defined Compass *Playbook* for value creation activities; repeatable strategy in each portfolio company.
- IV. Operational Value:** Full-time operating partners provide hands-on strategic direction and on-site operational support. Compass also employs a team of Compass Guides to bring additional functional expertise and strategic partnership to investment management teams.

- v. First-time Institutional Capital:** Compass intends to partner with sellers motivated to reach the “2<sup>nd</sup> bite of the apple” of success. Compass expects sellers to roll minority equity and continue to maintain involvement in the business; deals are structured such that the sellers will realize additional investment returns upon a successful Compass exit via seller equity roll.

Compass will make investments in businesses that (i) are historically successful with positive cash flow, (ii) have a strong employee base capable of being augmented with additional senior management talent, (iii) strong market position with loyal customers, and (iv) have the potential for organic growth and add-on acquisitions to increase addressable market and profitability of the overall company. Lower-middle market companies often ignore growth opportunities or do not execute because the owner of a private business is not willing to take on additional risk, does not have the team to help capitalize on the opportunity and/or does not know the *Playbook* to plan and execute a professionalization and growth strategy.

The key characteristics of companies that Compass will target for investments include:

Target Company – Investment Profile at Entry	
Transaction Type:	<ul style="list-style-type: none"> <li>Majority control of equity investment via ownership percentage and/or board rights; will typically own &gt;50% equity (and always have board control)</li> </ul>
Geographic Focus:	<ul style="list-style-type: none"> <li>Primarily Mid-America United States “Between the Mountain Ranges”</li> </ul>
Industry Focus:	<ul style="list-style-type: none"> <li>Thematic investing in specific industry sub-sectors within (i) niche manufacturing and distribution and (ii) business and consumer services <ul style="list-style-type: none"> <li>Thematic investing identifies secular growth trends, macro trends</li> </ul> </li> </ul>
Company Size:	<ul style="list-style-type: none"> <li>Approximately \$2 to \$12 million of EBITDA at entry; at least 10% EBITDA margins</li> </ul>
Enterprise Value:	<ul style="list-style-type: none"> <li>Approximately \$10 to \$120 million enterprise value</li> </ul>
Sellers:	<ul style="list-style-type: none"> <li>Family-owned or entrepreneur (first institutional capital)</li> </ul>
Equity Investment Size:	<ul style="list-style-type: none"> <li>\$10 to \$51 million equity check from Fund <ul style="list-style-type: none"> <li>Ability for larger equity check from co-investors</li> </ul> </li> </ul>
Quantitative Business Characteristics:	<ul style="list-style-type: none"> <li>Cash flow positive, high free cash flow, strong margins, recurring and/or reoccurring revenue, loyal and longstanding customer relationships, pricing power, mission critical products/services, low-cost product/service with a high cost of failure</li> </ul>
Qualitative Business Characteristics:	<ul style="list-style-type: none"> <li>Sellers have a long-term view, sellers looking for a partner, growth opportunity (new products/customers, end markets, geography), opportunity to run <i>Playbook</i> value creation plan (People, Operations, Strategy, Reporting), add-on acquisitions and/or roll-up strategy</li> </ul>

Value Creation:	<ul style="list-style-type: none"> <li>• Execute Compass Playbook</li> <li>• Meaningful impact to lower-middle market business through operations, strategy and financial improvement using diverse skill set of the team</li> </ul> <p>Business can grow from add-on acquisition strategy and/or organic growth opportunities</p>
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## **Four-Pillar Approach to Business Development**

Compass takes a four-pillar approach to be aggressive on sourcing opportunities: (i) full-time, in-house business development resources, (ii) the entire investment team has sourcing responsibilities within specific thematic pursuits, (iii) constant relationship development within the operating and industry advisor community and (iv) engagement of buy-side search firms to conduct specific and targeted outreach based upon current investment theses for which Compass has serious conviction. Compass uses these four pillars of business development for high impact, targeted outreach, and an energetic pursuit of lower-middle market investment opportunities. Compass has pursued this approach since inception, evidenced by seven of eight platform investments completed outside of a broad investment bank auction process. Compass has been successful with this approach due to a combination of (i) a dedicated Business Development team, including a Director and Associate, (ii) investment team's extensive personal and professional network of operators and industry advisors and (iii) the entire team's ability to bond with sellers on a personal level during a thematic pursuit (e.g., based on cultural alignment of Midwestern values, strong industry understanding from thesis development and access to experienced Compass operating partners). Developing relationships and sourcing deal flow is core to the Firm's culture.

## **Operational and Strategic Support**

Compass has full time operating partners, and Compass believes operational and strategic support provided to portfolio companies are key mechanisms to increase enterprise value. The Firm's portfolio companies seek out Compass' assistance with management and operational challenges. Compass' deep expertise ranges from high-level strategic support to expertise and resources in human resources, data analytics, information technology, finance, legal and other business functions. Compass believes it provides the most value to its portfolio companies when it is "hands on" with portfolio company management teams. The Firm has regularly scheduled weekly, monthly, and quarterly meetings with portfolio company management teams. Compass' mission is to help its portfolio companies achieve a mutual understanding of success. Examples of help provided include supporting a business owner's plan to expand into a new geographic region or enabling a Compass operating partner to take a hands-on role in a fast-growing company. Compass seeks to always be focused on improving results for its stakeholders.

## **Environmental, Social, Governance: ESG Policy and Considerations in the Portfolio**

Compass recognizes the long-term interests of its stakeholders are aligned with global motives. Expectations have shifted – consumers and stakeholders alike hold corporations to high ethical standards and oftentimes will forego business opportunities or products from those which fail to meet them. Adhering to environmental, social, governance ("ESG")

standards signify a formalized commitment to upholding ethical and sustainable practices in investing in and shaping portfolio companies.

Compass believes a formal commitment to ESG values boosts the quality of its portfolio while promoting positive social change. Incorporating ethical and sustainable standards into the Firm's investment process is intended to fortify Compass against environmental and reputational risk and align its values to those of greater corporate citizenship.

Compass has a designated committee (the “**ESG Committee**”) which meets quarterly and reviews the ESG policy and Compass' portfolio to ensure the Firm is following the ideals of the ESG policy. Compass believes that there is no one-size-fits-all approach to setting ESG objectives, and Compass takes care to select and prioritize its standards in accordance with both our fiduciary and global responsibilities.

Core values and ESG areas of focus are as follows:

***Integrity and Transparency*** – Expect honorable and accountable management internally and of all portfolio companies.

***Community Empowerment*** – Promote companies which benefit their entire ecosystem and beyond.

***Sustainability*** – Focus on mitigating waste and resource consumption and contributing to shifts in renewable energy.

***Safety*** – Expect and implement structures within each company to ensure the well-being and retention levels of employees.

Compass believes an effective ESG policy must have firm-wide structures set in place to uphold it. The ESG Committee heads policy revision and enforcement. Compass expands ESG knowledge to all its employees through regular training and education. Additionally, the Firm works with every portfolio company to establish ESG-aware board members and management.

Compass incorporates its ESG standards across the entire lifecycle of each portfolio company. Each has its own set of demands met by honing-in on subindustry and company-specific ESG goals.

***Sourcing*** – conduct internal discussion of potential ESG issues prior to company selection.

***Due Diligence*** – evaluate company adherence to Compass' high-level ESG standards through Compass' checklist and account for subindustry and company-specific ESG criteria.

***Investment Agreement*** – incorporate Compass' defined ESG objectives into the strategy roadmap and seek formal commitment to policy standards from portfolio company.

***Ownership*** – manage and monitor the company to establish ESG initiatives and reporting as well as continuously measure prioritized ESG issues.

## **Risk Factors and Conflicts of Interest**

An investment in the Funds involves a high degree of risk. The following list of risk factors does not purport to be a complete disclosure of all risks that may be relevant to a decision to purchase an interest in a Fund. Prospective Investors of a Fund should carefully consider the following investment risks and considerations in evaluating Compass, the Funds and its business before deciding to purchase an interest in a Fund. As a result of these considerations, as well as other risks inherent in any investment, there can be no assurance that Compass or the Funds will meet its investment objectives or otherwise be able to successfully carry out its investment programs, or that an Investor in a Fund will receive a return of capital.

### ***General***

Private equity type investing involves a high degree of business and financial risk that may result in substantial losses. In order for the Funds to succeed, Compass must be able to accurately identify potentially successful enterprises, a process that is difficult even for those with extensive relevant experience. Portfolio companies may be operating at a loss or with substantial variations in operating results from period to period and may need substantial amounts of additional capital to support expansion or to achieve or maintain a competitive position. An investment in a Fund is highly speculative, involves a high degree of risk and could result in the loss of part or all of an Investor's capital contribution. Therefore, prospective Investors should not invest unless they can bear such a loss. Moreover, there can be no assurance that a Fund's investment objectives will be achieved, and investment results may vary materially from one reporting period to the next. Consequently, an investment in a Fund is suitable only for sophisticated investors who are capable of making an informed and independent decision as to the risks involved in an investment in a Fund.

### ***No Assurance of Investment Return***

Compass cannot provide assurance that they will be able to choose, make, and realize investments in any particular opportunity. There can be no assurance that the Funds will be able to generate returns for its Investors or that the returns will be commensurate with the risks of investing in the type of transactions described herein. There can be no assurance that any Investor will receive any distribution from the Funds. Accordingly, an investment in a Fund should only be considered by persons who can afford a loss of their entire investment. There can be no assurance that Compass will be successful in executing the Funds' strategies, and notwithstanding prior experience of Compass, past performance is not indicative of future results.

### ***No Assurance of Investment Return; Past Performance***

The past investment performance of Compass should not be relied on as an indicator of the Funds' future performance or success. There can be no assurance that the Funds will achieve comparable results. Past performance may include the positive or negative impact of general industry, economic and other factors, over which neither Compass nor the Compass investment team had any control. Neither Compass nor the General Partner can provide assurance that it will be able to make and/or realize investments in any particular company or portfolio of companies. There is no assurance that the Funds will be able to generate returns for its Investors or that the returns will be commensurate with the risks of investing in the type of companies and transactions described herein. An investment in a Fund should only be considered by persons who can afford a loss of their entire investment.

### ***Limited Operating History***

Compass and the General Partner have limited operating history. Past performance history by Compass is not necessarily indicative of future results for the Funds.

### ***Investment Time Horizon***

Each Fund's investment capital is expected to have a relatively long investment horizon. 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, will generally occur only upon the partial or complete disposition of an investment. Accordingly, investors should view their investments in a Fund as long term. The expenses of operating a Fund (including the Management Fee) may exceed its income, thereby requiring that the difference be paid from a Fund's capital.

### ***Competition for Investments***

The Funds may compete for investments with a large number of banks, finance companies, investors, and other funds, some of which may have substantially greater resources than the Funds. Competition for investments could reduce the Funds' opportunity for profit by reducing the variety and opportunity for investments by the Funds.

### ***Difficulty Locating Suitable Investments***

An investor in a Fund must rely upon the ability of the Compass to identify, structure and implement portfolio investments consistent with each Fund's investment objectives and policies. Investors in a Fund will not have the opportunity to evaluate the business, financial and other information that will be used by Compass in its analysis, selection, and monitoring of portfolio company investments for the Funds. There can be no assurance that Compass will be able to identify a sufficient number of attractive investment opportunities to invest fully the Funds' committed capital in opportunities that satisfy each Fund's investment objectives, or that such investment opportunities will lead to completed investments by the Funds. Identification of attractive investment opportunities is difficult and involves a high degree of uncertainty. Furthermore, the availability of investment opportunities generally will be subject to market conditions as well as, in some cases, the prevailing regulatory or political climate.

### ***Illiquid Nature of Portfolio Company Investments***

The Funds will make investments in securities that have limited liquidity. It is anticipated there will be a significant period of time before the Funds have completed its investments in portfolio companies. Such investments may typically take from two to seven years from the date of initial investment to reach a state of maturity when partial or complete realization of the investment can be achieved. Transaction structures typically will not provide for liquidity of the Funds' investment prior to that time. Generally, there will be no readily available market for a substantial amount of the Funds' portfolio investments. Most investments held by the

Funds may not be able to be sold except pursuant to a registration statement filed under the Securities Act or in accordance with Rule 144, Regulation D or another exemption under the Securities Act. The market prices, if any, of such investments tend to be volatile, and the Funds may not be able to sell such investments when it desires, or, upon sale, to realize what it perceives to be their fair value. Further, companies whose securities are not publicly traded are not subject to the disclosure and other investor protection requirements applicable to publicly traded companies. In light of the foregoing, it is likely that no return from the disposition of the Funds' investments will occur until a significant period of time has passed. Furthermore, disposition of such investments may result in distributions in-kind to investors.

### ***Lower Middle-Market Companies***

The Funds intend to invest in lower-middle market companies. While investments in lower-middle market companies may present greater opportunities for growth, such investments may also entail larger risks than are customarily associated with investments in larger companies. For instance, companies in the lower-middle market 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, technology or personnel. In addition, future growth may be dependent on additional financing, which may not be available on acceptable terms when required. Further, there may be a more limited marketplace for a 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 what may be a somewhat greater illiquidity of small-to-mid sized companies, could make it difficult for the Funds to react quickly to negative economic or political developments.

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

The Funds intends to participate in a limited number of investments and may seek to make numerous investments in one industry segment. Accordingly, it is possible the Funds could hold few investments relative to its total capital. If this were the case, any loss with respect to a single investment (or a few investments) could have a materially adverse impact on the Fund's profitability. Furthermore, to the extent that the capital raised is less than expected, the Funds may hold fewer investments and thus be less diversified.

### ***Absence of Regulatory Oversight***

While the Funds may be considered similar in some ways to a registered investment company, at the current time, it is anticipated that the Funds will not be required to, and will not, register as such under the Investment Company Act.

### ***Restrictions on Transfer and Withdrawal; Illiquid Nature of Interests***



An investment in a Fund requires the financial ability and willingness to accept significant risk and illiquidity. An investment in a Fund requires a long-term commitment, with no certainty of return. There most likely will be little or no near-term cash flow available to Limited Partners. The Limited Partner interests have not been registered under the Securities Act or any other applicable securities laws. There is no public market for the Limited Partner interests, and none is expected to develop. In addition, the Interests are not transferable except with the consent of the General Partner, which generally may be withheld by the General Partner in its sole discretion and are subject to the terms and conditions of the Limited Partnership Agreement of each Fund. Limited Partners generally may not withdraw capital from the Funds. Consequently, Limited Partners may not be able to liquidate their investments prior to the end of each Fund's term.

### ***No Right to Control the Funds' Operations***

Investors, as Limited Partners of the Funds, will have no right or powers to take part in the management of the Funds or any of its investments and will not receive detailed financial information issued by portfolio companies. In order to safeguard their limited liability from the liabilities and obligations of the Funds, Investors must rely entirely on Compass and the General Partner of the Funds to conduct and manage the affairs of the Funds. Accordingly, no person should invest in a Fund unless such person is willing to entrust all aspects of the management of the Funds to Compass and the General Partner.

### ***Reliance on General Partner/Key Persons***

Decisions with respect to the management of the Funds will be made by Compass and the General Partner. An investor in a Fund must rely upon the ability of Compass and the General Partner in identifying, structuring, and implementing investments consistent with each Fund's investment objective and policies. The success of the Funds will depend on the ability of Compass to identify and consummate suitable investments, to improve the operating performance of portfolio companies and to dispose of investments of the Funds at a profit. The success of the Funds depends in substantial part upon the leadership, skill and expertise of Compass. The loss of one or more of the individuals that work at Compass could have a material adverse effect on the performance of the Funds.

### ***Reliance on Portfolio Company Management***

Although Compass will monitor the performance of each Fund's investment, it will primarily be the responsibility of each portfolio company's management team to operate the portfolio company on a day-to-day basis. There can be no assurance that the existing or new management of such companies will be able to operate the companies successfully.

### ***Use of Leverage by Portfolio Company***

While investments in leveraged companies offer the opportunity for capital appreciation, such investments also involve a higher degree of risk. The Funds' investments may involve varying degrees of leverage, as a result of which recessions, operating problems and other general business and economic risks may have a more pronounced effect on the

profitability or survival of such companies. Moreover, rising interest rates may increase portfolio company interest expense. If a portfolio company cannot generate adequate cash flow to meet debt service, then the Funds may suffer a partial or total loss of capital invested in the portfolio company. The use of leverage will have the effect of increasing the volatility of the Funds' investments. A decrease in the availability of financing (or an increase in the interest cost) for leveraged transactions (e.g., due to adverse changes in economic or financial market conditions or a decreased appetite for risk by lenders) may materially impair the Funds' ability to consummate portfolio investments, to make leveraged distributions or to sell investments to buyers who utilize similar leverage strategies.

### ***Control Investments and Directorships***

The Funds will generally acquire control positions in the companies in which it invests. Additionally, officers and employees of Compass or their affiliates may serve as directors of portfolio companies in which the Funds invests. The exercise of control over a company through a control position, or the service of an officer or employee of Compass or their affiliate as a director of such company, could (i) expose the assets of the Funds to claims by such company, its security holders and creditors or (ii) impose additional risks of liability for environmental damage, product defects, failure to supervise management, violation of governmental regulations and other types of liability in which general limited liability protections are ignored. If these liabilities were to occur, then the Funds, directly, and each Fund's investors, indirectly, would likely suffer losses with respect to their investments.

### ***ESG Considerations***

Compass considers ESG factors in the sourcing, investigating, identifying, researching, evaluating, developing, initiating, negotiating, structuring, making, acquiring, closing, consummating, holding, monitoring, maintaining, financing, refinancing, pledging, restructuring and disposing of portfolio investments. Although compliance with such factors could result in higher ESG compliance fees, expenses or costs or the forgoing of certain opportunities, Compass believes that responsible ESG investing enhances the long-term value of portfolio companies and is an important element of responsible investing. There are not universally accepted ESG standards and not all Limited Partners agree on the appropriate ESG standards to apply in a particular situation. Compass will apply ESG standards and considerations in its sole discretion. In either case, an adverse impact on the results of the Funds' portfolio investments cannot be excluded.

### ***Value of Portfolio Investments***

Most of the investments made by Compass on behalf of the Funds will be difficult to value because of the focus on relatively early-stage portfolio company investments and there will generally be no market for such investments. Compass' valuations of such investments may vary from similar valuations performed by other investors or independent third parties for the same or similar types of securities or assets, and there can be no assurance that the valuations of such securities reflect

true fair market value. Recently, some companies have executed initial public offerings or have been acquired at valuations below those established by prior private investment rounds. In other cases, companies that remain private have experienced reduced valuations after high valuations in prior private financing rounds. The value of the investments made by Compass may also be affected by changes in accounting standards, policies, or practices.

### ***Unlisted Securities***

It is Compass' intention is to invest in companies that may not now and may never be publicly traded or listed on a securities exchange. Companies whose securities are unlisted are not subject to the same requirements, notably disclosure and other investor protection requirements that are required to be disclosed by reporting companies. These investments may be difficult to value and to sell or otherwise liquidate, and the risk of investing in such companies is generally much greater than the risk of investing in listed or publicly traded companies.

### ***Uncertainty of Financial Projections***

Compass will generally prepare estimated financial projections for the portfolio companies in which it makes investments. Projected operating results will often be based on the judgment, skill and experience of the management of Compass. Such projections are only estimates of future results which are based assumptions made at the time that the projections are prepared. The projected results are not guaranteed to be obtained, and significant variation from the projections may result from actual performance of the portfolio companies. General economic and market conditions, which are not predictable, can have a material adverse impact on the accuracy of such projections.

### ***Regulated Industries***

Certain portfolio companies that Compass may invest the assets of the Funds in will be part of regulated industries. Changes in regulations applicable to such companies could have a negative impact on their business and operations. Such companies could also be subject to enforcement actions for non-compliance with applicable regulations, which could negatively affect such companies from a financial and reputational standpoint and affect the Funds' investment in those companies. In certain cases, the investment in a regulated business may be structured differently to reduce the potential impact of the applicable regulatory requirements on the Funds, Compass, the General Partner and their affiliates and personnel (e.g., holding non-voting stock, limiting percentage ownership or eliminating board representation). Further, investments by the Funds in portfolio companies that are in regulated industries may require disclosure (to regulators or the public or both) of information regarding Compass, the General Partner, a Fund and/or its Limited Partners. In order to satisfy such requirements, the Limited Partners may need to supply such information to Compass or the General Partner.

### ***Market Fluctuations***

General fluctuations in the market prices of securities may affect the value of the investments held by the Funds. Instability in the securities markets may also increase the risks inherent in the Funds' investments. The ability of portfolio companies to refinance debt securities may depend upon the public high-yield debt market which can be volatile. The condition of the global credit markets may make it difficult for Compass to obtain favorable financing for investments. Compass' ability to generate attractive investment returns for its Limited Partners in the Funds may be adversely

affected to the extent Compass is unable to obtain favorable financing terms for the Funds' investments. Market conditions may have an adverse impact on the availability of credit to businesses generally and could impact the U.S. and global economies. Market conditions can also affect the Funds' ability to sell or liquidate investments at favorable times or for favorable prices.

### ***Failure to Make Capital Contributions***

If a Limited Partner in a Fund fails to pay installments of its commitment when due, and the contributions made by non-defaulting Limited Partners, and borrowings by the Fund are inadequate to cover the defaulted capital contribution, the Fund may be unable to pay its obligations when due. As a result, a Fund may be subjected to significant penalties that could materially adversely affect the returns to the Limited Partners (including non-defaulting Limited Partners). If a Limited Partner defaults, it may be subject to various remedies as provided in each Fund's Limited Partnership Agreement and Offering Documents, including, without limitation, reductions in its Limited Partner capital account balance.

### ***Investments Longer than Term***

Compass may invest the Funds' assets in investments that may not be advantageously disposed of prior to the date that the Fund(s) will be dissolved, either by expiration of a Fund's term or otherwise. Although Compass expects that investments made by the Funds will either be disposed of prior to dissolution or be suitable for in-kind distribution at dissolution, it is possible that the Funds may dispose of investments as a result of dissolution at a disadvantageous time.

### ***General Tax Risks***

A prospective Investor should consider the tax consequences of an investment in a Fund, including the possibility that a Fund may generate taxable income to the Limited Partners in amount greater than cash available for distribution.

The Biden Administration and Members of Congress have proposed a number of federal tax law changes that if enacted would affect the Funds' return on investments and the after-tax return to investors. These changes include, among others, an increase in the corporate tax rate, an increase in marginal tax rates for high-earning individuals, an increase in the long-term capital gains tax rate for high-earning individuals, changes in estate and gift tax laws and changes to rules allowing a step-up in basis at death. The fate of these proposals is uncertain.

The Funds or the Limited Partners of the Funds may be subject to income or other tax in the jurisdictions in which investments are made. Additionally, withholding tax or branch tax may be imposed on earnings of the Funds from investments in such jurisdictions. Local and other tax incurred in non-U.S. jurisdictions by the Funds or vehicles through which it invests may not be creditable to or deductible by a Limited Partner under the tax laws of the jurisdiction where such Limited Partner resides, including the U.S.

### ***Carried Interest of a General Partner***

Instances may arise where the interests of the General Partner and/or Compass may potentially or actually conflict with the interests of the Funds and the Limited Partners. For example, the existence of the General Partner's carried interest may create an incentive for the General Partner

to make more speculative investments on behalf of the Funds than it would otherwise make in the absence of such performance-based arrangement.

### ***Banking Uncertainty and Custody Risk***

The Firm is required to maintain certain Fund assets with a qualified custodian, such as a bank, broker-dealer, or other financial institution. There are risks involved in dealing with the custodians who hold the Funds' and/or portfolio companies' investments and assets, including the potential loss of securities and cash held in custody in the event of a custodian's insolvency, negligence, fraud, poor administration, inadequate recordkeeping or other events which could impair the custodian's ability to conduct business. Although the Firm monitors the custodians, there is no guarantee that any uninsured depositors, including the Funds and/or its portfolio companies, of a custodian that closes will be made whole or, even if made whole, that such deposits will become available for withdrawal in short order such as not to impair or injure the performance of the Funds and/or any portfolio company. There is no certainty that, in the event of the failure of a bank or other qualified custodian that has custody of Fund and/or its portfolio companies' assets, that the Funds and/or its portfolio companies would not incur losses due to those assets being unavailable for a period of time, the ultimate receipt of less than full recovery of its assets, or both. Consequently, the Funds and/or the portfolio companies may be delayed or prevented from accessing money, making any required payments under their own debt or other contractual obligations or pursuing key strategic initiatives, and limited partners may be impacted in their ability to honor capital calls and/or receive distributions. In March 2023, developments in the banking sector have caused uncertainty and fear of instability in the global financial system. In addition, some banks acting as qualified custodians, in particular smaller regional banks, have been subject to concerns that depositors at these institutions have withdrawn, or may withdraw in the future, significant sums from their accounts and have also experienced volatile stock prices and significant losses in their equity value. Such circumstances could impact the operations of those custodians and potentially lead to their insolvency, bankruptcy or other events that could subject the Funds' and/or its portfolio companies' assets to a risk of loss.

### ***Cybersecurity***

Cybersecurity risks for investment funds have increased significantly in recent years because of, among other things: the proliferation of the internet and telecommunications technologies to conduct financial transactions; the increased dependence of portfolio companies on internet-connected technologies that are susceptible to disruption from cybersecurity threats; the degree to which investment managers collect and maintain proprietary data, nonpublic data and data compilations; and the increased sophistication and activities of organized crime, hackers, terrorists, and other external parties, including foreign state actors. Accordingly, the Funds, the General Partner, Compass and portfolio companies will face cybersecurity threats to gain unauthorized access to sensitive information and systems, including, without limitation, information regarding the Limited Partners and the Funds' investment activities, or to render data or systems unusable, which could result in significant losses. If such events materialize, they could lead to losses of sensitive information or capabilities essential to the Funds', the General Partner's,

Compass' and portfolio companies' operations and could have a material adverse effect on their reputations, financial positions, results of operations or cash flows, and could lead to financial losses from remedial actions, loss of business, potential liability, or the disclosure of the Limited Partners' personal information. Similarly, the public perception that the Funds, the General Partner, Compass or portfolio investments have been the target of a cybersecurity threat, whether successful or not, could have a material adverse effect on their reputations and could lead to financial losses from loss of business, depending on the nature and severity of the threat.

Cybersecurity attacks are evolving and include, but are not limited to, computer viruses, malicious or destructive code, phishing attacks, denial of service or information, attempts to gain unauthorized access to data, improper access by employees or vendors or other electronic security breaches that could lead to: disruptions in network access or business operations; unauthorized collection, monitoring, use or release of confidential or otherwise protected information; or loss, destruction or corruption of data. Compass' or a portfolio company's controls and procedures, business continuity systems, and data security systems could prove to be inadequate. These problems could arise in both Compass' or a portfolio company's internally developed systems and the systems of third-party service providers, upon which Compass or a portfolio company rely. Given the variety and potential severity of cybersecurity threats, Compass, the portfolio companies and the third-party service providers upon which they rely may not have adequate insurance coverage to compensate against all losses.

#### ***Pandemic Risks and Global Health Events***

An epidemic outbreak and reactions to such an outbreak could cause uncertainty in markets and businesses and could adversely affect the performance of the global economy, including causing market volatility, market and business uncertainty and closures, supply chain and travel interruptions, the need for employees and vendors to work at external locations, and extensive medical absences. The Firm has policies and procedures to address known situations, but because a large epidemic may create significant market and business uncertainties and disruptions, not all events that could affect the Firm's business and/or the markets can be determined and addressed in advance. The Firm could also be subject to the risk of loss arising from direct or indirect exposure to a number of types of other catastrophic events, including without limitation other public health crises, including any outbreak of coronavirus, SARS, H1N1/09 influenza, avian influenza, Ebola or other existing or new epidemic diseases, or the threat thereof.

#### **ITEM 8 – DISCIPLINARY INFORMATION**

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Neither Compass nor any of its officers or employees have been sanctioned or disciplined by any federal securities or commodities regulatory agency, self-regulatory organization or state for any violation of their statutes, regulations or rules nor have they ever been involved in any civil or criminal action relating to any violation of the federal or state securities or commodities laws.

#### **ITEM 9 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

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Neither Compass nor the General Partner is registered or have an application pending to register as a broker-dealer or a registered representative of a broker-dealer.

Neither Compass nor the General Partner is registered or have an application pending to register as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

The General Partner is an affiliated entity of Compass.

Neither Compass nor the General Partner recommend or select other investment advisers for the Funds.

Certain affiliates and employees of Compass have financial interests in the portfolio companies that are advised by a Compass affiliate and serve as directors and officers of those portfolio companies or their general partners. In that capacity, such affiliates and employees will be required to make decisions that consider the best interests of such portfolio companies and their equity holders. In certain circumstances, actions that may be in the best interests of the portfolio company may not be in the best interests of the Funds, and vice versa. Accordingly, in these situations, there will be conflicts of interest between such individual's duties to the General Partner and Compass (and affiliated entities) as the investment adviser of the Funds and to the portfolio companies.

Compass Group Equity Partners, LLC ("**CGEP**") is an affiliated adviser of Compass through common ownership. CGEP is exempt from registration as an investment adviser with the SEC pursuant to the "Venture Capital Adviser Exemption." Certain employees of Compass will also provide services to CGEP.

#### **ITEM 10 – CODE OF ETHICS, PARTICIPATION/INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

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Pursuant to Rule 204A-1 of the Investment Advisers Act of 1940, as amended (the "**Advisers Act**"), Compass has adopted a Code of Ethics (the "**Code**") that establishes various procedures with respect to investment transactions in accounts ("**Covered Accounts**") in which any of Compass' employees have discretionary investment authority or exercise effective influence or control.

Compass' Code was adopted to avoid possible conflicts of interest, avoid the inappropriate use of material, non-public information and ensure the propriety of its employees' and its principals' trading activity.

The foundation of the Code is based on the underlying principles that:

- Employees must at all times place the interests of the client first;
- Employees must make sure that all personal securities transactions are conducted consistent with the Code; and
- Employees should not take inappropriate advantage of their position.

Covered Account transactions in certain types of securities require pre-approval by the CCO. Employees must also obtain pre-approval from the CCO before participating in an initial public offering or private placement.

Covered Account transactions are subject to review by Compass' CCO. These records are used to monitor compliance with the foregoing policies.

### **Gifts and Entertainment, Political Activities and Outside Activities**

The Code provides that gifts and entertainment must be reasonable in light of industry practices and should never be given or received if the purpose is to influence the recipient. Compass requires access persons to report or receive approval for the receipt or giving of gifts and entertainment under certain circumstances.

The Code also generally requires access persons to obtain prior approval before the access person, a spouse or certain other immediate family members makes a political contribution or engages in certain campaign-related fundraising activities. This policy is intended to prevent scenarios whereby an access person may contribute or engage in an activity for the selection of Compass as an investment adviser for a governmental equity.

Finally, the Code provides that, without prior approval, access persons are generally not permitted to engage in certain types of outside business activities. This policy is intended to prevent material conflicts of interest that could arise from an access person's personal activities.

### **Privacy Policy**

Compass is committed to maintaining the confidentiality, integrity and security of its Investors' personal information. It is Compass' policy to collect only information necessary or relevant to its management business and use only legitimate means to collect such information. Compass does not disclose any non-public, personal information about its underlying Investors to anyone except for servicing and processing transactions and as required by law. Compass restricts access to non-public, personal information about its Investors to those employees with a legitimate business need for the information. Compass maintains security practices, physical, electronic and procedural safeguards to guard each Investor's non-public, personal information. Upon request, Compass will provide a copy of its written privacy policies and procedures.

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## **ITEM 11 – BROKERAGE PRACTICES**

Compass provides discretionary investment advice to the Funds and does not have an active brokerage relationship due to the type of private equity investments made by Compass for the Funds.

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## **ITEM 12 – REVIEW OF ACCOUNTS**

Compass will review the Funds' investments on a regular basis with a view to evaluating, among other things, economic developments, industry outlook and other issues related to the investments.

Compass posts the following reports utilizing a secure investor portal through the Funds' third-party fund administrator: (i) audited annual financial statements; (ii) quarterly unaudited performance reports; (iii) quarterly partner capital account statements; (iv) quarterly management letters and (v) annual tax information necessary to complete any applicable tax returns.



### ITEM 13 – **CLIENT REFERRALS AND OTHER COMPENSATION**

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Compass has engaged a third-party placement agent to introduce prospective investors to the Funds.

### ITEM 14 – **CUSTODY**

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Compass is deemed to have custody of the assets of the Funds. Therefore, in order to comply with Rule 206(4)-2 of the Advisers Act (the “**Custody Rule**”), Compass complies with the pooled vehicle annual audit provision. Annually, upon completion of the annual audit of the Funds, Compass shall seek to ensure that the audited financial statements are delivered to Investors in each Fund within 120 days of the Fund’s fiscal year end. The audited financial statements will be prepared by an independent accounting firm that is registered with and subject to review by the Public Company Accounting Oversight Board (“**PCAOB**”), in accordance with U.S. Generally Accepted Accounting Principles (“**GAAP**”). Investors should carefully review these audited financial statements.

### ITEM 15 – **INVESTMENT DISCRETION**

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Compass, subject to the direction and control of the General Partner of the Funds, will have investment discretion in managing the investments of the Funds. The terms of these investments as well as the investment strategy and guidelines around the use of this discretion are described in detail in each Fund’s Offering Documents.

Compass will assume, subject to the direction and control of the General Partner of the Funds, investment discretion and day-to-day operations over the Funds by virtue of the execution of the Limited Partnership Agreement of each Fund by each Investor in the Funds.

### ITEM 16 – **VOTING CLIENT SECURITIES**

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Neither Compass nor the Funds intend to vote public company proxies.

### ITEM 17 – **FINANCIAL INFORMATION**

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Registered investment advisers are required in this Item to provide certain financial information or disclosures about the registered investment adviser’s financial condition. Compass has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.