



Part 2A of Form ADV: Brochure

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This brochure (“Brochure”) provides information about the qualifications and business practices of Broad Sky Partners LLC, a New York limited liability company (“Broad Sky”), which is an investment adviser registered with the United States Securities and Exchange Commission (the “SEC”). If you have any questions about the contents of this brochure, please contact Aditya Narain, Chief Compliance Officer, at (240) 731-9131 or anarain.opexec@broadskypartners.com, or please contact Broad Sky at (646) 722-5310. The information in this Brochure has not been approved or verified by the SEC or by any state securities authority. Registration of an investment adviser with the SEC does not imply any level of skill or training.

Additional information about Broad Sky is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2: Material Changes

This Brochure, dated March 29, 2023 is filed as an annual amendment to Broad Sky Partners LLC's ADV Part 2A and replaces our most recent other than annual amendment dated November 4, 2022.

This item of this Brochure identifies any material changes that have occurred since Broad Sky Partners LLC's initial Form ADV Part 2A filing, which was dated March 31, 2022. We will provide you with an updated brochure, as required, based on the changes or new information, at any time without charge.

The following section(s) were updated:

Item 10 – Other Financial Industry Activities and Affiliations was updated to include relationships with general partners and disclose that Broad Sky Partners LLC does not recommend or select other investment advisers for its Private Investment Funds.

Item 14 – Client Referrals and Other Compensation was updated to be consistent with the New Marketing Rule, including updating the Cash Solicitation Rule reference.

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Item 4: Advisory Business

Firm Overview

Broad Sky Partners LLC (“the Firm” or “Broad Sky”) is an asset management firm providing services to private pooled investment vehicles. Broad Sky was originally founded in 2021. Broad Sky is headquartered in New York, New York.

Firm Ownership

Broad Sky is owned by BSP Management Holdings, LLC.

Broad Sky Offerings

Broad Sky provides discretionary portfolio management services to private pooled investment vehicles (the “Private Investment Funds”) in accordance with the investment guidelines set forth in each Private Investment Fund’s offering documents. Broad Sky is responsible for the investment decisions and performance of the Private Investment Funds. Broad Sky does not tailor its investment advice to the needs of investors in the Private Investment Funds.

Investors are required to meet certain suitability requirements, such as being an “Accredited Investor,” a “Qualified Client” and/or a “Qualified Purchaser” as defined under federal laws. Investors interested in a Private Investment Fund should refer to the Private Investment Fund’s offering documents for important information regarding the Private Investment Fund’s investment objectives, risks, fees and additional disclosures for a complete understanding of the terms and conditions for investing in the relevant Private Investment Fund.

Wrap-Fee Programs

Broad Sky does not participate in any wrap fee programs.

Assets Under Management

As of December 31, 2022, Broad Sky had \$401,529,230 of regulatory assets under management. All assets are managed on a discretionary basis.

Item 5: Fees and Compensation

Adviser Compensation

Management Fees: Private Investment Fund investors bear their proportionate share of the applicable investment management fee charged to such Private Investment Fund. Compensation earned by Broad Sky for providing investment advisory services to the Private Investment Funds is generally comprised of an asset-based management fee, which does not exceed 2% and is generally payable quarterly in advance. In the event that an advisory agreement is terminated prior to the conclusion of a billing period, Broad Sky will refund a pro rata portion of any pre-paid management fees. The management fee is generally deducted directly from the Private Investment Fund. Management Fees are based on capital committed to the particular Private Investment Fund during its investment period, and subsequent to the investment period, the Management Fee is based on the invested capital within the particular Private Investment Fund.

In addition, as described in Item 6 - Performance-Based Fees and Side-by-Side Management, Broad Sky or its affiliates has the potential to earn performance-based compensation from the Private Investment Funds in the form of a carried interest in profits.

Further, pursuant to the governing documents of each Private Investment Fund, the applicable general partner, in its discretion, may elect to offer one or more of the limited partners of the private fund client the opportunity to co-invest alongside the private fund client with respect to a particular investment. Management Fees and/or carried interest that may be received by Broad Sky or its affiliates in connection with co-investment opportunities will be determined on a deal-by-deal basis.

Other Non-Advisory Fees

Broad Sky's fees are exclusive of brokerage commissions, transaction fees and other related costs and expenses that may be incurred by the client. Other fees and expenses may include without limitation:

- Brokerage and trading costs, expenses, and commissions;
- Third-party custody fees;
- Fees and expenses of money market funds that hold cash balances; and
- Private Investment Fund expenses include all fees, costs, expenses, liabilities and obligations relating to the Private Investment Fund's and/or its subsidiaries' activities, investments and business (to the extent not borne or reimbursed by a portfolio company of such Private Investment Fund), including (i) all fees, costs, expenses, liabilities and obligations attributable to identifying, investigating, acquiring, holding

(including expenses of portfolio tracking and reporting activities and any software, hardware, technology or systems related to such activities), structuring, organizing, financing, refinancing, restructuring, managing, monitoring, operating, taking public or private, valuing, winding up, liquidating, dissolving and disposing of the Private Investment Fund and the Private Investment Fund's investments (including (a) interest and fees on money borrowed by the Private Investment Fund or by Broad Sky or its affiliates on behalf of the Private Investment Fund, (b) principal, interest and any related fees and expenses associated with hedging activity, (c) expenses incurred in connection with credit facilities and (d) registration fees and expenses and commitment, real estate title, survey, brokerage, finders', custodial and other fees and expenses), (ii) legal, accounting, asset and financial administration, custodian, depositary (including a depositary, representative or paying agent appointed pursuant to the AIFMD or any other similar law, rule or regulation in any relevant jurisdiction), commercial banking, auditing, insurance (including directors and officers, errors and omissions and representation and warranty liability insurance, and all premiums and charges in connection with the maintenance thereof), travel (including chartered or first-class travel), litigation and indemnification costs and expenses, judgments and settlements, consulting, financial advisory, mergers and acquisitions advisory, investment banking, structuring, brokerage, finders', financing, expert (including expert networks), appraisal (including the costs of any third-party valuation agents or pricing services), filing, printing, title, transfer, registration, market and reference materials (to the extent incurred for an actual or potential portfolio company) and other fees and expenses (including fees, costs and expenses associated with the preparation or distribution of the Private Investment Fund's financial statements, tax returns, tax estimates and Schedule K-1s (including any software, hardware, technology or systems used for such preparation and distribution)), any other administrative, regulatory or other Private Investment Fund-related reporting or filing, (including (A) any filings, forms, notifications, reports or other documents to be filed with the U.S. Securities and Exchange Commission, (B) any filings, forms, notifications, reports or other documents prepared with respect to the Foreign Account Tax Compliance Act and any comparable non-U.S. filings, (C) any filings, forms, notifications, reports or other documents to be filed with the U.S. Commodity Futures Trading Commission, (D) reporting, filing or other compliance requirements (other than the initial registrations, filings and compliance) contemplated by the AIFMD or any other similar law, rule or regulation in any relevant jurisdiction and (E) reporting, filing or other compliance requirements contemplated by any "know your customer" or anti-money laundering laws, rules or regulations or any other similar laws, rules or regulation in any relevant jurisdiction), (iii) fees, costs and expenses incurred by or on behalf of the Private Investment Fund's advisory board, (iv) all fees, costs, expenses, liabilities and obligations incurred by the Private Investment Fund, Broad Sky or its affiliates and employees relating to investment and disposition opportunities for the Private Investment Fund not consummated (including legal, accounting, auditing, insurance, travel (including chartered or first-class travel),

consulting, operating partner and executive board due diligence and advisory costs, financial advisory, mergers and acquisitions advisory, investment banking, structuring, brokerage, finders' (including executive finders and portfolio company finders), financing, appraisal, filing, printing, real estate title, survey, reverse breakup, termination, operating partners' and executive board members' compensation and other fees and expenses), including the full amount of any such fees, costs, expenses, liabilities and obligations even where such investment opportunities may have contemplated co-investors, (v) all out-of-pocket fees and expenses incurred by the Private Investment Fund, Broad Sky and its affiliates, the operating Partners, the members of the executive board or Broad Sky's or its affiliates' members, managers, partners, officers and employees in connection with the annual and other periodic (if any) meetings of investors and any other conference or meeting with any investor, including lodging expenses for Broad Sky, its affiliates, the operating partners, the members of the executive board or any of its members, managers, partners, officers and employees, (vi) costs and expenses of complying with any side letter agreements related to the Private Investment Fund, including conducting any "most favored nations" or similar process in respect of side letters issued to investors and complying with investor environmental, social, governance, diversity, equality and inclusion initiatives, requirements or protocols, (vii) any taxes, fees and other governmental charges levied against the Private Investment Fund (except to the extent that the Private Investment Fund is reimbursed therefor by a reimbursing partner or such tax, fee or charge is treated as having been distributed to a partner), (viii) costs and expenses that are classified as extraordinary expenses under U.S. generally accepted accounting principles, (ix) all fees, costs and expenses incurred in connection with the organization, management, operation and dissolution, liquidation and final winding-up of any "alternative investment vehicles", (x) any regulatory related fees or expenses related to the Private Investment Fund (excluding, for the avoidance of doubt, the fees and expenses related to the preparation and filing of Broad Sky's Form ADV, Form PF and any other registration or filing obligations not directly related to the Fund), (xi) costs and expenses of software used for reports provided to investors, (xii) any organizational expenses and (xiii) any placement fees.

All fees paid to Broad Sky for investment advisory services are separate and distinct from the fees and non-advisory fees referenced above. More details related to the fees and expenses borne by the Private Investment Funds are included in their respective offering documents. Neither Broad Sky nor any of its supervised persons receive placement fees or commissions from third parties for the sale of securities or other investment products, including asset-based charges or service fees from the sale of mutual funds.

Item 12 further describes the factors that Broad Sky considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation.

Item 6: Performance-Based Fees and Side-By-Side Management

Performance Based Fees

As described above in Item 5: Fees and Compensation, with respect to each Private Investment Fund, a portion of the profits of each such Private Investment Fund are distributed to certain affiliates of Broad Sky as “carried interest” (the “Carried Interest”). Because of Broad Sky’s relationship with the general partners of the Private investment Funds, the Carried Interest is considered performance-based compensation that benefits Broad Sky. Carried Interest payment, if any, typically are paid periodically when a portfolio company is sold from cash that otherwise would be distributed to limited partners of the particular Private Investment Fund, pursuant to the Private Investment Fund’s limited partnership agreement. Carried Interest payments are governed by the limited partnership agreement for the particular Private Investment Fund.

While the receipt of Carried Interest is intended to align Broad Sky affiliates’ interests with those of the relevant Private Investment Fund, the nature of the Carried Interest creates a potential conflict of interest between Broad Sky affiliates and the Private Investment Funds. The nature of performance fees can encourage unnecessary speculation with Private Investment Fund assets in order to earn or increase the amount of the fee. The result of riskier investments can have a positive effect in that results could equal higher returns when compared to an asset-based fee account. On the other hand, riskier investments historically have a higher chance of losing value. However, this risk is somewhat mitigated because Carried Interest is only paid on realized investments, and there is an obligation by recipients of Carried Interest payments to return any excess Carried Interest distributions, net of taxes, if actual returns upon a final disposition would result in investors receiving aggregate distributions that are less than a preferred return, or Broad Sky’s affiliate receiving more than the specified percentage of actual distributions to which it is entitled under the terms of the applicable partnership agreement.

Broad Sky evaluates investment opportunities that are in the best interests of the Private Investment Funds without regard to fee arrangements.

Item 7 – Types of Clients

Broad Sky provides portfolio management services to private pooled investment vehicles. The minimum capital commitment in a Private Investment Fund managed by Broad Sky is generally \$5,000,000, subject to reduction at the sole discretion of the General Partner of the Private Investment Fund.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis and Investment Strategy

As thematic investors, Broad Sky Partners studies the mega trends that include Digitalization, Demographics and Social Change, Enhanced Data and Analytics, Mobility Evolution, Food Innovation, Commerce Shifts, ESG & Sustainability, Cybersecurity, and Business Automation. These mega trends inform themes across each sector that pinpoint the areas in which Broad Sky Partners sees the most potential.

Broad Sky Partners uses the cross-industry insight of the experienced team of investors, operating partners, executive board, and extended constellation of experts, to help portfolio companies identify the most promising catalysts for long-term sustainable growth and then provide the necessary tools and resources to realize their full potential.

Within Business Services, Broad Sky looks for investment opportunities in service businesses across the Professional Services, Industrial Services, Data and Information Services, Financial Services and Mobility Services (including Transportation and Logistics, and Value-Added Distribution). Within the Consumer segment, Broad Sky focuses on industries including Health and Beauty, Food, Beverage and Ingredients, Pet, Out-of-Home Entertainment, and Consumer Services.

The Firm will generally pursue control and joint control investments either through majority stakes or minority investments with shareholder agreements which provide control over material capital, strategic and corporate governance decisions.

Broad Sky intentionally limits its focus to and Business Services and Consumer sectors, because the Firm believes, and experience has proven, that disciplined focus is one key to success.

Broad Sky seeks to pursue investments within the Business Services and Consumer sectors using a formula that has been developed and used by the Founding Partners over the last 22 years.

The components of the formula are as follows:

- **Focus on sector sub-segments with deep knowledge:** Broad Sky identifies attractive sub-segments within the Consumer and Business Services sectors. These sub-segments are screened to exclude adverse characteristics such as heavy cyclicity, competitive concentration and high regulation and are targeted based on macro trends and investment themes that Broad Sky has identified, researched and developed

within each sector with its Operating Executives. Broad Sky has found that proactively pursuing opportunities has yielded approximately ~66% proprietary deal flow.¹

- **Partner with world-class Operating Executives:** Broad Sky's extensive network of Operating Executives assists the investment team throughout the investment process by developing investment themes, identifying targets, performing due diligence and implementing operational improvements post-acquisition.
- **Post-acquisition value creation:** Broad Sky's post-acquisition value creation process is a major component of the Broad Sky sourcing process. A Long-Range Financial Plan and a near-term 100 Day Plan is formulated through the alignment of the Broad Sky team and the target company management team. The longer-term plan involves key strategic initiatives for the business and the 100 Day Plan is designed to ensure that the necessary resources and processes are in place to accomplish Long Range Financial Plan objectives. Both components are designed with the participation of Broad Sky Operating Executives and are closely monitored by Broad Sky and the portfolio Board of Directors. These plans are reviewed regularly during Broad Sky's portfolio company quarterly reviews.

Within Business Services and Consumer sectors, Broad Sky has developed core sub-sectors of focus. These sub-segments are screened to exclude adverse characteristics such as heavy cyclicity, competitive concentration and high regulation and are targeted based on macro trends and investment themes that Broad Sky has identified, researched and developed alongside its Operating Executive Network.

Within the Business Services sector, Broad Sky will focus on five sub-sectors: Professional Services, Industrial Services, Data & Information Services, Financial Services, and Mobility Services.

Within the Consumer sector, Broad Sky will focus on five sub-sectors: Health & Beauty, Food & Ingredients, Pet, Consumer Services, and Media & Entertainment.

¹ Proprietary deals refer to deals where the Broad Sky Principals performed due diligence and closed under an exclusivity period.

Broad Sky seeks to invest in leading businesses with the following attributes:

Investment Attributes



Broad Sky intends to invest in businesses with demonstrable growth prospects, differentiated market leading businesses, defensible markets and business models, driven management teams, digital enablement, with diverse perspectives and principles.

General Investment Risks

Lack of Operating History; Prior Investment Performance Not Indicative of Future Results

Although the investment professionals of Broad Sky have extensive experience in investing in middle market companies in the consumer and business services industries, each Private Investment Fund is a newly formed entity and, accordingly, has no operating history upon which prospective investors may evaluate its likely performance. The performance of prior investments by the principals of Broad Sky is not necessarily indicative of such Private Investment Fund's future results. While Broad Sky intends to make investments that have estimated returns commensurate with the risks undertaken, there can be no assurance that the targeted IRR for a particular Private Investment Fund will be achieved or that investors will receive a return of its capital.

Competitive Marketplace

The middle-market private equity business is highly competitive. Broad Sky will be competing for investments against other groups, including direct investment firms, business development companies, strategic industry acquirers, merchant banks, and other financial

investors investing directly or through affiliates. Some of these competitors may have more relevant experience, greater financial resources, and more personnel than Broad Sky or its affiliates. It is possible that competition for appropriate investment opportunities may increase, thus reducing the number of opportunities available to Private Investment Funds managed by Broad Sky and adversely affecting the terms upon which investments can be made. Moreover, other investors may make competing offers for investment opportunities that are identified, and even after an agreement in principle has been reached with a portfolio company's board of directors or owners of an acquisition target, consummating the transaction is subject to a myriad of uncertainties, only some of which are foreseeable or within the control of Broad Sky. Accordingly, there can be no assurance that Private Investment Funds managed by Broad Sky will be able to identify or consummate investments satisfying its investment criteria or that such investments will satisfy rate of return objectives. Likewise, there can be no assurance that Private Investment Funds managed by Broad Sky will be able to realize upon the value of their investments or that they will be able to invest all committed capital. To the extent that Broad Sky encounters competition for investments, returns to investors may decrease.

General Economic Conditions

General economic conditions may affect the Private Investment Funds and/or the companies in which the Private Investment Funds invest. Interest rates, general levels of economic activity, the price of securities and participation by other investors in the financial markets may affect the value and number of investments made by the Private Investment Funds or considered for prospective investment.

Legal, Tax and Regulatory Risk

Legal, tax and regulatory changes could occur during the terms of the Private Investment Funds that may have adverse effects. The regulatory environment for private investment funds is evolving and changes in the regulation of private investment funds may adversely affect the value of investments held by the Private Investment Funds and the ability of the Private Investment Funds to effectively employ their investment strategies. Increased scrutiny and legislative changes may also impose significant administrative burdens on Broad Sky and may divert time and attention from portfolio management activities. In addition, and in particular in light of the changing global regulatory climate, Private Investment Funds may be required to register under certain foreign laws and regulations and need to engage distributors or other agents in certain jurisdictions in order to market interests to potential investors. The effect of any future regulatory change on the Private Investment Funds could be substantial and adverse. The SEC has recently focused more of its resources on private equity. The SEC's list of examination priorities includes, among other things, private equity firms' collection of fees and allocation of expenses, their marketing and valuation practices, allocation of

investment opportunities and other conflicts of interests. While it is difficult to predict what impact, if any, the foregoing may have, there can be no assurance that any of the foregoing would not have a material adverse effect on the Private Investment Funds and their ability to achieve investment objectives.

No Market for Interests; Restrictions on Transfers

Investment in the Private Investment Funds requires a long-term commitment, with no certainty of the timing or magnitude of returns. There most likely will be little or no near-term cash flow available to the investors. Many of the Private Investment Funds' investments will be highly illiquid, and there can be no assurances that the applicable Private Investment Fund will be able to realize a return on such investments in a timely manner. Consequently, dispositions of such investments may result in distributions in kind to the investors of securities that may or may not be marketable. Additionally, Private Investment Funds will generally acquire securities that cannot be sold except pursuant to a registration statement filed under the Securities Act of 1933, as amended (the "Securities Act"), or in a private placement or other transaction exempt from registration under the Securities Act and that complies with any applicable non-U.S. securities laws.

The Interests in a Private Investment Fund have not been and will not be registered under the Securities Act or any other applicable securities laws. There is no public market for interests in a Private Investment Fund, and none is expected to develop. In addition, the interests in the Private Investment Funds are not transferable except with the consent of the applicable Private Investment Fund's general partner, which will typically be an affiliate of Broad Sky, and which may generally withhold in its sole discretion. Investors generally may not withdraw capital from a Private Investment Fund. Consequently, investors may not be able to liquidate their investments prior to the end of the applicable Private Investment Fund's term.

Failure to Make Capital Contributions

If an investor fails to pay when due installments of its capital commitment to a Private Investment Fund, and the contributions made by non-defaulting investors and borrowings by the Private Investment Fund are inadequate to cover the defaulted capital contribution, the applicable Private Investment Fund may be unable to pay its obligations when due. As a result, the Private Investment Fund may be subjected to significant penalties that could materially adversely affect the returns to the investors (including non-defaulting investors). If an investor defaults, it may be subject to various remedies as provided in the applicable Private Investment Fund's partnership agreement, including without limitation, sale of such investor's interest in the applicable Private Investment Fund and preclusion of such investor from investing further in the Private Investment Fund. The Private Investment Fund's general partner may, subject to certain limitations, require an additional funding of capital

contributions from the non-defaulting investors to fund the shortfall caused by the defaulting investor(s).

Limited Number of Investments

Generally, Private Investment Funds managed by Broad Sky intend primarily to make control private equity and equity-related investments in small and mid-cap companies. Such investments will necessarily have significant risks as a result of business, financial or legal uncertainties. There can be no assurance that the nature and magnitude of the various factors that could affect the value of such investments will be evaluated correctly. Certain of the investments may be in businesses with high levels of debt or may be investments in leveraged buyouts. Leveraged buyouts by their nature require companies to undertake a high ratio of fixed charges to available income. Leveraged investments are inherently more sensitive to declines in revenues and to increases in expenses. Since the Private Investment Funds may only make a limited number of investments and since the Private Investment Funds' investments generally will involve a high degree of risk, poor performance by a few of the investments could severely affect the total returns to the investors.

Leverage

The Private Investment Funds' investments are expected to include portfolio companies whose capital structures may have significant leverage. Although Broad Sky will seek to use leverage in a manner it believes to be prudent, the leveraged capital structure of such portfolio companies will increase the exposure of the portfolio companies to adverse economic factors such as rising interest rates, downturns in the economy or deterioration in the conditions of the portfolio company or its industry. Further, leveraged buyouts by their nature require companies to undertake a high ratio of fixed charges to available income. Such investments are inherently more sensitive to declines in revenues and to increases in expenses. If a portfolio company defaults on secured indebtedness, the lender may foreclose, and the Fund could lose its entire investment in such portfolio company.

Investments in Troubled and Leveraged Companies

The Private Investment Funds may invest in securities of financially troubled companies and securities of highly leveraged companies. While these investments are likely to be particularly risky, they also may offer the potential for correspondingly high returns. Under certain circumstances, payments to the Private Investment Funds and distributions by the Private Investor Funds to investors may be reclaimed if any such payment is later determined to have been a preferential payment.

Expedited Transactions

Investment analyses and decisions by Broad Sky may frequently be required to be undertaken on an expedited basis to take advantage of investment opportunities. In such cases, the information available to Broad Sky at the time of an investment decision may be limited, and Broad Sky may not have access to detailed information regarding the investment opportunity. Therefore, no assurance can be given that Broad Sky will have knowledge of all relevant circumstances that may adversely affect an investment. This lack of knowledge may expose investors to risk of loss.

Subscription Lines

Private Investment Funds could enter into subscription lines with one or more lenders in order to finance its operations (including the acquisition of the Fund's investments and its fees and expenses). Fund-level borrowing subjects investors to certain risks and costs. For example, because amounts borrowed under a subscription line typically are secured by pledges of the applicable general partner's right to call capital from investors, investors may be obligated to contribute capital on an accelerated basis if the Private Investment Fund fails to repay the amounts borrowed under a subscription line or experiences an event of default thereunder. Moreover, any investor claim against the Private Investment Fund would likely be subordinate to the Private Investment Fund's obligations to a subscription line's creditors. In addition, Private Investment Fund-level borrowing will result in incremental expenses that will be borne by investors. These expenses typically include interest on the amounts borrowed, unused commitment fees on the committed but unfunded portion of a subscription line, an upfront fee for establishing a subscription line, and other one-time and recurring fees and/or expenses, as well as legal fees relating to the establishment and negotiation of the terms of the borrowing facility. Because a subscription line's interest rate is typically based in part on the creditworthiness of the Private Investment Fund's investors and the terms of the applicable partnership agreement, it may be higher than the interest rate an investor could obtain individually. To the extent a particular investor's cost of capital is lower than the Private Investment Fund's cost of borrowing, borrowing can negatively impact an investor's overall individual financial returns even if it increases the Private Investment Fund's reported net returns in certain methods of calculation.

A credit agreement may contain other terms that restrict the activities of the Private Investment Fund and its investors or impose additional obligations on them. For example, a subscription line commonly imposes restrictions on the applicable Private Investment Fund's general partner's ability to consent to the transfer of an investor's interest in the Private Investment Fund. In addition, in order to secure a subscription line, the Private Investment Fund's general partner is often required to request certain financial information and other documentation from investors to share with lenders. Broad Sky will have significant discretion

in negotiating the terms of any subscription line and may agree to terms that are not the most favorable to one or more investors.

Indemnification

The Private Investment Funds will be required to indemnify Broad Sky, its affiliated entities and certain other persons and their respective officers, directors, agents, stockholders, members, partners, employees and affiliates against losses, liabilities, damages and expenses incurred in connection with the affairs of the applicable Private Investment Fund. Such liabilities may be material and have an adverse effect on returns to the investors. The indemnification obligations of the Private Investment Funds would be payable from the assets of the Private Investment Funds, including the unpaid commitments of investors. If the assets of a Private Investment Fund are insufficient, the applicable general partner may recall distributions previously made to investors, subject to certain limitations set forth in the applicable partnership agreement. The Private Investment Funds will generally purchase liability insurance to cover such indemnification obligations.

Risks Related to Investments by the Private Investment Funds

Nature of Investments

The Private Investment Funds intend to invest in middle market companies that are undervalued. Such investments will necessarily have significant risks as a result of business, financial or legal uncertainties. There can be no assurance that the Private Investment Funds or Broad Sky or its affiliated entities will correctly evaluate the nature and magnitude of the various factors that could affect the value of such investments. On any given investment, total loss of the investment is possible.

Small and Medium-Sized Companies

The Private Investment Funds may invest in small and medium-sized companies. Investments in such companies, while often presenting greater opportunities for growth, may also entail larger risks than are customarily associated with investments in large companies. Some of such companies may lack management depth or the ability to generate internally or obtain externally the funds necessary for growth. Further, these companies may have more limited product lines, markets and financial resources, and may be dependent on a smaller management group. Companies with new or relatively new products could sustain significant losses if projected markets do not materialize. Further, such companies may have, or may develop, only a regional market for products and may be adversely affected by purely local events. 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 Private Investment Funds to react quickly to negative economic or political developments. Lastly, such companies may be relatively small participants in their respective industries and may face intense competition from larger companies and entail a greater risk than investment in larger companies.

Follow-On Investments

The Private Investment Funds may find it necessary to provide follow-up funding for portfolio companies. There can be no assurance that the Private Investment Funds will have sufficient funds to do so. Any inability to make follow-on investments may have a substantial negative impact on a portfolio company in need of such an investment.

Sector Risk

Since investments may be concentrated in a relatively small number of companies and industries, Broad Sky's investment program will be less diversified than funds investing in a broader range of industries and a greater number of companies and, therefore, could experience greater volatility than more diversified funds.

Public Health Risk

The Private Investment Funds could be materially adversely affected by the widespread outbreak of infectious disease or other public health crises, including the COVID-19 pandemic. As further described below, public health crises such as the COVID-19 pandemic, together with any containment or other remedial measures undertaken or imposed, could have a material and adverse effect on the Private Investment Funds and their investments, including by (i) disrupting or otherwise materially adversely affecting the human capital, business operations or financial resources of Broad Sky, its affiliates or its advisory client or the portfolio companies in which the Private Investment Funds invest and (ii) severely disrupting global, national and/or regional economies and financial markets and precipitating an economic downturn or recession that could materially adversely affect the value and performance of the Fund and its investments.

Public health crises and efforts to address them may result in (or, in the case of the COVID-19 pandemic, may have already resulted in) any or all of the following: (i) the closure of a portfolio company's offices or other businesses, including office buildings, factories, distribution channels and other commercial venues, (ii) workforce, trade or travel disruptions or restrictions (including related cybersecurity incidents) negatively impacting Broad Sky's or the applicable portfolio company's operations, (iii) disruptions in regional or global trade

markets and the logistics necessary to import, export and deliver products to companies and their customers, (iv) the lack of availability or price volatility of raw materials or component parts necessary to a company's business (e.g., supply-chain disruptions or delays), (v) depressed demand for a company's products or services because of reduced consumer confidence or because quarantines, restrictions on public gatherings or interactions and the forced closures of certain businesses significantly inhibit consumption, (vi) a reduction in the availability and/or adverse changes in the terms of capital or leverage, and (vii) an increased risk of investors defaulting on their obligations to the applicable Private Investment Fund. Any of the foregoing could have a material adverse impact on the Private Investment Funds, their investments and Broad Sky's ability to source or complete new investments, dispose of existing investments, fulfill its obligations and raise capital.

In addition, public health crises such as the COVID-19 pandemic and containment efforts may adversely affect the ability, or the willingness, of a party to perform its obligations under its contracts and lead to uncertainty over whether such failure to perform (or delay in performing) might be excused under so called "material adverse change," force majeure and similar provisions in such contracts. As a result, (i) counterparties and service providers to the Private Investment Funds or their portfolio companies may fail to perform (or delay the performance of) their obligations to the Private Investment Fund or their portfolio companies, (ii) pending transactions (including acquisitions and sales of assets) may not close on time or at all, (iii) the Private Investment Funds, Broad Sky or portfolio companies may be forced to breach (or may determine not to perform its obligations under) certain agreements, and (iv) related litigation would likely ensue. Any of these occurrences could have a material adverse effect on the Private Investment Funds and their investments.

The extent of the impact of COVID-19 on the Private Investment Funds and their investments will depend largely on future developments, including the severity, duration and spread of the outbreak throughout the world and the effect on the global economy and the markets in which the Private Investment Funds invest, all of which are highly uncertain and cannot be predicted, but the impact is likely to be material.

Environmental Liabilities

Under certain circumstances, courts have held that a parent company is responsible for the environmental clean-up obligations of its subsidiary imposed by applicable federal statutes. In the event a Private Investment Fund is determined to be the parent of a portfolio company, a court might find that the Private Investment Fund is liable for such obligations.

Third Party Litigation

The Private Investment Funds' investment activities subject them to the risks of becoming involved in litigation by third parties. This risk is somewhat greater where the Private Investment Fund exercises control of, or significant influence in, a company's direction. The expense of defending against claims by third parties and paying any amounts pursuant to settlements or judgments would, absent certain conduct by the Broad Sky, its affiliates or employees, be borne by the applicable Private Investment Fund and would reduce net assets and could require investors to return to the Private Investment Fund distributed capital and earnings. The Broad Sky professionals, Broad Sky's affiliates and others are entitled to be indemnified in connection with such litigation, subject to certain conditions.

Effects of Bankruptcy

Broad Sky may make investments in companies that are or may become the subject of voluntary or involuntary bankruptcy proceedings under the United States Bankruptcy Code (the "Bankruptcy Code"). Certain risks that are faced in Chapter 11 bankruptcy cases that must be factored into the investment decision include, for example, the potential total loss of any such investment. Upon confirmation of a plan of reorganization under Chapter 11 of the Bankruptcy Code, or as a result of a liquidation proceeding, a Private Investment Funds could suffer a loss of all or a part of the value of its investment in a portfolio company. A bankruptcy filing may adversely and permanently affect a portfolio company. The portfolio company could lose market position and key employees, and the liquidation value of the portfolio company may not equal the liquidation value, which was believed to exist prior to the making of the initial investment.

Special Risks Associated with Offshore Investments

Broad Sky may make investments in portfolio companies that are headquartered and have their principal operations outside the United States. These investments involve special risks not typically associated with investments in securities of United States issuers, including (i) economic and political factors, such as the risk of expropriation, restrictions on repatriation of profits, and political and social instability, (ii) differences between United States and foreign securities markets, including the absence of uniform accounting, auditing, and financial reporting standards in foreign markets, the relatively greater price volatility and illiquidity of foreign securities markets, (iii) currency exchange risks, including the cost of converting investment cash flows from one currency into another, and (d) tax-related issues, including the possibility of withholding taxes, confiscatory foreign taxes, and double taxation of income earned overseas.

Follow-On Investments

Private Investment Funds may be called upon to provide follow-on funding for its portfolio companies or have the opportunity to increase its investment in such portfolio companies. There can be no assurance that the applicable Private Investment Fund will wish to make follow-on investments or that it will have sufficient funds to do so. Any decision by the Private Investment Fund not to make follow-on investments or its inability to make them may have a substantial negative impact on a portfolio company in need of such an investment or may diminish the Private Investment Fund's ability to influence the portfolio company's future development.

Service on Boards of Directors

Broad Sky typically will have the right to designate directors to serve on the boards of directors of portfolio companies. In addition, affiliates of Broad Sky may serve, from time to time, as officers or directors of portfolio companies. The foregoing rights and activities, especially in light of statutes and regulations relating to corporate governance and increased scrutiny of corporate boards, could expose Broad Sky, its affiliates and the assets of the Private Investment Funds to regulatory action and/or lawsuits and claims by a portfolio company, its security holders and its creditors. While Broad Sky intends to manage the Private Investment Funds in a way that will minimize exposure to these risks, the possibility of successful claims or lawsuits or adverse regulatory action cannot be eliminated, and such events could have significant adverse effects on the Fund.

Contingent Liabilities on Disposition of Investments

In connection with the disposition of an investment in a portfolio company, Private Investment Funds may be required to make representations about the business and financial affairs of the portfolio company typical of those made in connection with the sale of a business. Private Investment Funds may also be required to indemnify the purchasers of such portfolio company to the extent that any such representations turn out to be inaccurate. These arrangements may result in contingent liabilities of the Private Investment Funds, which might ultimately have to be funded by investors to the extent that such contingent liabilities exceed the reserves and other assets of the applicable Private Investment Fund and such partners have received prior distributions.

Risks Arising From Provision of Managerial Assistance

Private Investment Fund investments may be structured so that the Private Investment Fund will be a "venture capital operating company" within the meaning of regulations promulgated under ERISA. This would require the Private Investment Fund to obtain rights to participate substantially in and to influence substantially the conduct of the management of the majority (valued at cost) of the Private Investment Fund's portfolio companies. Regardless of whether

the Private Investment Fund structures its investment so that the Private Investment Fund is a venture capital operating company, the Private Investment Fund may designate directors to serve on the boards of directors of portfolio companies. The designation of directors and other measures contemplated could expose the assets of the Private Investment Fund to claims by a portfolio company, its security holders and its creditors, including claims that the Private Investment Fund is a controlling person and thus is liable for securities laws violations of a portfolio company. These measures also could result in certain liabilities in the event of the bankruptcy or reorganization of a portfolio company; could result in claims against the Private Investment Fund if the designated directors violate their fiduciary or other duties to a portfolio company or fail to exercise appropriate levels of care under applicable corporate or securities laws, environmental laws or other legal principles; and could expose the Private Investment Fund to claims that it has interfered in management to the detriment of a portfolio company. While Broad Sky intends to manage the Private Investment Funds in a way that will minimize the exposure to these risks, the possibility of successful claims cannot be precluded.

Material Non-Public Information

By reason of their responsibilities in connection with the Private Investment Funds and other activities, personnel of Broad Sky and its affiliates may acquire confidential or material non-public information or be restricted from initiating transactions in certain securities. The Private Investment Funds will not be free to act upon any such information. Due to these restrictions, the Private Investment Funds may not be able to initiate a transaction that they otherwise might have initiated and may not be able to sell an investment that they otherwise might have sold.

Risks Relating to Due Diligence of and Conduct at Portfolio Companies; Expedited Transactions

Before making an investment, Broad Sky will generally conduct such due diligence as it deems reasonable and appropriate based on the known facts and circumstances applicable to such investment. Due diligence may entail evaluation of important and complex business, financial, tax, accounting, technical, environmental, regulatory and legal issues. Outside consultants, legal advisors, accountants, investment banks and other third parties may be involved in the due diligence process to varying degrees depending on the type of investment and the facts and circumstances related thereto, and Broad Sky may rely on the advice received from such third parties. Such involvement of third-party advisors or consultants may present a number of risks primarily relating to Broad Sky's reduced control of the functions that are outsourced. In addition, if Broad Sky is unable to timely engage third-party providers, its ability to evaluate and acquire more complex targets could be adversely affected. Investment analyses and decisions by Broad Sky will often be undertaken on an expedited basis in order for the applicable Private Investment Fund to compete for investment

opportunities and/or consummate investments. In such cases, the information available to Broad Sky at the time of an investment decision may be limited, and Broad Sky may not have access to the detailed information necessary for a full evaluation of an investment opportunity. The due diligence investigation carried out with respect to any investment opportunity may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Moreover, such an investigation will not necessarily result in an investment being successful or even ensure a return on invested capital.

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 Broad Sky or the integrity of Broad Sky's management. Broad Sky has no information applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

The Firm provides portfolio management services to the Private Investment Funds and is not an insurance agency or broker-dealer. The Firm does not receive insurance commissions or brokerage revenue of any kind. Neither the Firm nor any management persons are registered, nor does the Firm or any management persons have an application to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

Affiliates of the Firm include Broad Sky Partners GP, LLC and BSP-TS GP, LLC who serve as general partners to the Private Investment Funds and oversee the management and investment operations of the Private Investment Funds managed by the Firm.

The Adviser does not recommend or select other investment advisers for its Private Investment Funds.

Other Activities of Principals: Although the principals of Broad Sky collectively intend to devote most of their time and attention to management of the Private Investment Funds, they may in the future organize and manage one or more entities with objectives similar to or different from those of the Private Investment Funds. Notwithstanding the foregoing, the principals of Broad Sky will devote such time and attention to the activities of the Private Investment Funds as may be required for the efficient conduct thereof.

Other Activities of the Operating Partners and Executive Board. The Operating Partners and members of the Executive Board will not be employees of Broad Sky and may provide services to, consult with, or be employed by investment funds, management companies and other companies that are not Affiliates (and may be competitors) of Broad Sky. Broad Sky will closely monitor the performance of the Operating Partners and the members of the Executive Board to ensure that they are devoting the appropriate amount of time and resources to the Private Investment Funds, but such persons will have professional obligations to others besides the Private Investment Funds.

Directors and Officers of Portfolio Companies. Employees and officers of Broad Sky may serve as directors and/or officers of portfolio companies. Accordingly, such employees and members may have a conflict where their fiduciary duty to the portfolio company may conflict with their fiduciary duty to the Private Investment Funds. In such circumstances, any such employee or member will act in accordance with his or her fiduciary duty to the portfolio company rather than any fiduciary duty such person may have to the applicable Private Investment Fund. In addition, certain directors, officers or employees of portfolio companies may (i) be co-investors with the Private Investment Funds, (ii) have affiliations with third parties who provide professional or other services to the Private Investment Funds' other portfolio companies or the Private Investment Funds, or (iii) have other business relationships or affiliations with Broad Sky or its affiliates. In instances where Broad Sky, on behalf of a Private Investment Fund, appoints or retains (or influences the appointment or retention of) such directors, officers or employees, Broad Sky will make determinations with respect to the qualifications and appropriateness of such persons in its sole discretion.

Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading

Broad Sky has adopted a Code of Ethics pursuant to Rule 204A-1 of the Investment Advisers Act of 1940, as amended which applies to all supervised persons of the firm and describes its high standard of business conduct and fiduciary duty to the Private Investment Funds. The Code of Ethics includes provisions related to the confidentiality of client and investor information, a prohibition on insider trading, restrictions on and reporting of significant gifts and business entertainment as well as policies and procedures governing trading securities in personal accounts. All supervised persons at Broad Sky must acknowledge the terms of the Code of Ethics upon employment, annually, and as amended.

The Code of Ethics is designed to ensure that the personal securities transactions, activities and interests of the supervised persons of Broad Sky will not interfere with (i) making decisions in the best interest of the Private Investment Funds and (ii) implementing such decisions while, at the same time, allowing supervised persons to invest for their own accounts. Under the Code of Ethics certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of Broad Sky's clients. In addition, the Code of Ethics requires pre-clearance of transactions involving Initial Public Offerings, Limited Offerings, and private placements.

Related persons of Broad Sky may invest their own money in the Private Investment Funds.

Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. Broad Sky may effect principal transactions between the Private Investment Funds for reallocation and other purposes. Broad Sky has established policies and procedures to comply with the requirements of the Investment Advisers Act of 1940 as it relates to principal transactions, including, among other things, disclosure regarding any proposed principal transaction and that any required prior consent to the transaction be received. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. It is Broad Sky's policy that the firm will not effect any agency cross securities transactions for client accounts.

Investors or prospective investors may request a copy of the firm's Code of Ethics by contacting Aditya Narain at (240) 731-9131 or anarain.opexec@broadskypartners.com.

Item 12 – Brokerage Practices

Broad Sky primarily engages in private equity transactions. In the event Broad Sky engages in public securities transactions, Broad Sky will seek to use a custodian/broker who will hold the Private Investment Funds' assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. We consider a wide range of factors including, among others:

- Price
- The size of the transaction
- The nature of the market
- Combination of transaction execution services along with asset custody services (generally without a separate fee for custody)
- Capability to execute, clear and settle trades (buy and sell securities for your account)
- Capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Quality of services
- Reputation, financial strength, and stability of the provider
- Their prior and anticipated service to us and our other clients

Broad Sky does not currently maintain any soft dollar arrangements. Broad Sky does not currently maintain any referral arrangements with broker/dealers. Broad Sky does not accept directed brokerage.

Broad Sky may be presented with investment opportunities that fall within the investment objective of more than one Private Investment Fund. When two or more Private Investment Funds are formed to invest on a parallel basis, Broad Sky will allocate investments to such Private Investment Funds in accordance with Broad Sky's allocation policy, subject to any limitations in the applicable Private Investment Fund's offering documents. Broad Sky will provide a summary of its allocation policy to investors upon request. In addition, one or more non-parallel Private Investment Funds may invest together, subject to limitations set forth in the applicable Private Investment Fund's offering documents. Broad Sky will determine allocations of investment opportunities in a manner that they believe is fair and equitable to the Private Investment Funds consistent with Broad Sky's obligations to each such Private Investment Fund, including as set forth in the applicable Private Investment Fund's offering documents and Broad Sky's allocation policy.

Item 13 – Review of Accounts

Broad Sky's principals are responsible and have ultimate authority for all transactions and investment decisions made on behalf of the Private Investment Funds. At least annually, a Broad Sky principal reviews the Private Investment Funds' portfolios to ensure compliance with Private Investment Funds' objectives and restrictions as stated in the Private Investment Funds' offering documents.

The Private Investment Fund's investments are reviewed on an ongoing basis and may be reviewed specifically with regard to certain factors such as cash flows or in response to market conditions.

Broad Sky, or its service provider, will furnish each Private Investment Fund investor with written reports pursuant to the terms set forth in each Private Investment Fund's offering documents.

Item 14 – Client Referrals and Other Compensation

Broad Sky does not receive any economic benefits from persons other than clients for providing investment advice or other advisory services to clients.

Broad Sky may enter into compensation arrangements with third-party promoters. As such, Broad Sky may pay fees to persons who are instrumental in the sale of interests in the Private Investment Funds. Any such fees will in no event be payable by or chargeable to the given Private Investment Funds or any Investor or prospective Investor.

As applicable, Broad Sky seeks to ensure that all promotion arrangements will comply with Rule 206(4)-1 of the Investment Advisers Act of 1940. Promoters may be paid a portion of the fees generated by the assets they raise, determined on a case-by-case basis. Depending on the specific circumstances, the fees may be based on such factors including, but not limited to, assets under management, capital committed, and/or performance of investments.

Item 15 – Custody

Broad Sky is deemed to have custody of the assets of the Private Investment Funds by reason of legal ownership or access to such assets because affiliated entities serve as general partner to the Private Investment Funds. However, all client assets and transferrable securities are maintained at independent qualified custodians. Broad Sky will comply with the requirements of the Custody Rule, as defined in the Investment Advisers Act of 1940, with regard to the custody as a result of affiliates serving as general partner to the Private Investment Funds. Broad Sky has entered into a written agreement with an independent public accountant to provide audited financial statements to each Private Investment Fund's investors within 120 days following the Private Investment Fund's fiscal year end.

Item 16 – Investment Discretion

Broad Sky is retained by the Private Investment Funds pursuant to an investment management agreement to provide investment advisory services on a discretionary basis. When engaged by the client on a discretionary basis, Broad Sky is generally authorized to make all decisions with respect to purchases and sales of securities, including the quantity and price of the securities to be bought or sold, as well as the identity of any brokers, dealers or other service providers to be used in connection with such transactions.

Investments for the Private Investment Funds are managed in accordance with each Private Investment Fund's investment objectives, strategies and restrictions, and are not tailored to the individualized needs of any particular investor in the Private Investment Funds. Any limitations on this discretionary authority are described in the client's advisory agreement.

Item 17: Voting Client Securities

Proxy Voting Generally

Broad Sky maintains a Proxy Voting Policy in its Compliance Manual. Where Broad Sky has proxy voting authority over client securities, Broad Sky seeks to vote proxies in the best interest of its clients. When making proxy voting decisions, Broad Sky may seek advice or assistance from third-party consultants, such as proxy voting services or legal counsel.

Upon request, Broad Sky will provide any investor or prospective investor in the Private Investment Funds with a copy of its Proxy Voting Policy. Please contact Aditya Narain at (240) 731-9131 or anarain.opexec@broadskypartners.com to obtain a copy of Broad Sky's Proxy Voting Policy.

Proxy Voting: Private Investment Funds

Unless provided otherwise in an offering document, Broad Sky, or an affiliate thereof, will have voting power with respect to a Private Investment Fund's securities, but it is unlikely that a Private Investment Fund would hold any security for which proxies would be solicited. If the situation arises, Broad Sky will monitor for potential conflicts of interest between the Private Investment Fund's interests and its own within the proxy voting process.

Item 18: Financial Information

Broad Sky does not require or solicit prepayment of fees six months or more in advance.

Broad Sky is not aware of any financial condition that is reasonably likely to affect its ability to meet contractual and fiduciary commitments to clients.

Broad Sky has never been the subject of a bankruptcy proceeding.