



Webster Equity Partners, L.P.

1000 Winter Street, Waltham MA 02451

Tel: (781) 419-1515

Fax: (781) 419-1516

[http://www.Webster Equity](http://www.WebsterEquityPartners.com/)

[Partnersequitypartners.com/](http://www.WebsterEquityPartners.com/) 03/31/2023

**FORM ADV PART
2A BROCHURE**

This brochure provides information about the qualifications and business practices of Webster Equity Partners, L.P. ("Webster Equity Partners"). If you have any questions about the contents of this brochure, please contact us at (781) 419-1515. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Webster Equity Partners is also available on the SEC's website at www.adviserinfo.sec.gov. The searchable IARD/CRD number for Webster Equity Partners Equity Partners is 156729.

Webster Equity Partners is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

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II. Material Changes

Since the last annual amendment of this Brochure was filed on April 29, 2022, Webster Equity Partners, L.P. (“Webster Equity” or “Webster Equity Partners”) has made the following material changes:

- Webster Equity Partners converted from a limited liability company to a limited partnership effective December 31, 2022.
- Webster Equity established two new advisory clients in September 2022:
Webster Cascade Aggregator L.P.
Webster Cascade Aggregator II, L.P.
- Webster Equity established one new advisory client in June 2023:
Webster Equity Partners V-B, L.P.
- Webster Equity established one new advisory client in February 2022:
Webster CVM Co-Investment Fund L.P.
- Webster Equity established on new advisory client in January 2022:
Webster Oceans Co-Investment Fund L.P.
- We added the following under Item 8, B. Risk Factors:
Certain Risks Associated with Potential Changes to Regulation of Investment Advisers and Private Funds
Risks Associated with Banking Sector
- We added the following under Item 11, B. Conflicts of Interest
Preferred Equity Investment

Our Brochure may be requested by contacting Sarah Vigneron at 781-419-1515 or svigneron@websterequitypartners.com.

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Advisory Business

Form ADV Part 2A, Item 4

A. Overview of Webster Equity Partners

Webster Equity Partners, L.P. is a Delaware limited liability company organized in Delaware on June 27, 2003, and registered in Massachusetts on July 15, 2003 ("**Webster Equity**", "**Webster Equity Partners Equity**" or the "**Company**"). David Malm is the Managing Member, as well as the principal owner of the Company. David owns 90% of distributions from Webster Equity Partners. He owns 68% directly and 22% via his ownership of Wasque Partners SPE, L.P.

B. Advisory Services

Webster Equity Partners acts as investment adviser to 15 private equity funds: Webster Equity Partners V, L.P. ("**Webster V**"), Webster Capital IV, L.P. ("**Webster IV**"), Webster Capital III, L.P. ("**Webster III**"), Webster Equity Partners III-A, L.P. ("**Webster III-A**"), Webster Capital II-A, L.P. ("**Webster II-A**"), Webster Equity Partners Bristol CF, L.P. ("**Webster Bristol CF**"), Webster Equity Partners III Bristol CF, L.P. ("**Webster III Bristol CF**"), Webster Equity Partners IV Bristol CF, L.P. ("**Webster IV Bristol CF**"), Webster Equity Partners Pinnacle, L.P. ("**Webster Pinnacle**"), Suncoinvest Vehicle, L.P. ("**Suncoinvest**"), Webster CVM Co-Investment Fund, L.P. ("**Webster CVM**"), Webster Oceans Co-Investment Fund, L.P. ("**Webster Oceans**"), Webster Cascade Aggregator, L.P. ("**Webster Partners**"), Webster Cascade Aggregator II, L.P. ("**Webster Cascade II**"), and Webster Equity Partners V-B, L.P. ("**Webster V-B**") each a "**Fund**" and collectively the "**Funds**") pursuant to the terms of management agreements (the "**Management Agreements**") by and between Webster Equity Partners and the respective General Partner (as defined in the governing documents). Prior to their dissolution and entering liquidation Webster Equity Partners Equity acted as investment adviser and manager to Webster Equity Partners Capital II, L.P., Webster Equity Partners Capital II-QP, L.P. and Webster Equity Partners Capital Founders' Fund, L.P.

Webster Equity's relying advisers, Wasque Partners SPE GP, LLC ("**Wasque GP**"), Wasque Partners II SPE GP, LLC ("**Wasque II GP**") and Crackatuxet SPE GP, LLC ("**Crax GP**"), act as investment advisers respectively for three private equity funds: Wasque Partners SPE, L.P. ("**Wasque**"), Wasque Partners II SPE, L.P. ("**Wasque II**") and Crackatuxet SPE, L.P. ("**Crax**"), pursuant to the terms of the Fund partnership agreement for each fund. Webster Equity Partners is not authorized to manage the affairs of, act in the name of or bind any of the Funds. The management, policies and operations of each Fund shall be the responsibility of its General Partner as the case may be, acting pursuant to and in accordance with the applicable Fund partnership agreement and all decisions relating to Fund matters, including the management of a Fund's investments, shall be made by its General Partner, as the case may be.

Each Fund has a General Partner. Pursuant to the terms of the Management Agreements, Webster Equity Partners Equity Partners is not authorized to manage the affairs of, act in the name of or bind any of the Funds. The management, policies and operations of each Fund shall be the responsibility of its General Partner as the case may be, acting pursuant to and in accordance with the applicable Fund partnership agreement and all decisions relating to Fund matters, including the management of a Fund's investments, shall be made by its General Partner, as the case may be.

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The Funds primarily employ an investment strategy in the healthcare services sector. While the Funds have also invested in consumer and business services sectors over the years, healthcare services investing has been a cornerstone of the Webster Equity Partners strategy. In 2020, Webster Equity shifted its investment focus to healthcare services only in order to capitalize on its competitive advantages, wide network, and long- standing track record. As of December 31, 2022, the Funds have invested in 46 companies and have 27 still active under management. The Funds' objectives are to achieve significant long-term capital appreciation on their investments. Webster Equity will assist the Funds with their general investment strategy, using the combined experience of Webster Equity's partners and investment team to monitor the performance of the Funds' current investments and advise them on any future investments.

C. Tailored Advisory Services

Webster Equity provides investment advisory and management services to Webster Equity Partners V, Webster Capital IV, Webster Capital III, Webster Equity Partners III-A, Webster Capital II-A, Webster Equity Partners Bristol CF, Webster Equity Partners III Bristol CF, Webster Equity Partners IV Bristol CF, Webster Equity Partners Pinnacle, Suncoinvest, Webster Equity Partners CVM, Webster Equity Partners Oceans, Webster Equity Partners Cascade, Webster Equity Partners Cascade II, and Webster Equity Partners V-B limiting such services to the particular types of investments identified for each Fund.

Webster Equity's relying advisers, Wasque GP, Wasque II GP and Crax GP, provide investment advisory and management services to only Wasque, Wasque II and Crax, limiting such services to the particular types of investments identified for each Fund.

Webster Equity Partners does not participate in any wrap fee program.

D. Assets Under Management

As of December 31, 2022, the following assets are managed by Webster Equity Partners:

Discretionary Basis	\$7,035,475,564
Non-Discretionary Basis	\$- 0 -
Total Assets under Management	\$7,035,475,564

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Fees and Compensation

Form ADV Part 2A, Item 5

Investors and prospective investors should review, in conjunction with this Brochure, the confidential private placement memorandum, limited partnership agreement and other governing documents of each Fund in which they invest for complete information on the fees and compensation payable.

A. Advisory Fees.

Webster Equity Partners Equity Partners provides investment advisory services in exchange for Management Fees equal to a percentage of the total capital commitments during the investment period and a percentage of invested capital thereafter. With respect to each Fund where the Management Agreement provides that the General Partner shall pay over to Webster Equity Partners Equity Partners all or a portion of the Management Fee (as defined, calculated and adjusted pursuant to the terms of each Fund's partnership agreement) received by such General Partner, such portion is to be determined in the sole discretion of such General Partner.

With respect to each Fund, the fee is payable quarterly in advance. Upon the earlier to occur of a specified number of years from the initial closing of a Fund, or certain other defined events, the management fee base will step down to a percentage of the aggregate cost of investments, the management fee will decrease and/or the management fee will terminate.

B. Payment of Fees

The Company does not deduct fees from clients' assets. Fees are payable quarterly in advance, as described in Item 5(A) above.

C. Additional Fees and Expenses

In addition to the management fees described above, the Funds are responsible for a number of expenses that are incurred by or on behalf of such Funds. Below is a list of general expenses and fees that could be expected to be incurred by the Funds managed by Webster Equity Partners and its relying advisers:

- Fees and expenses associated with the organization of a Fund and the offer/sale of interests;
- Costs of selecting, acquiring, holding, monitoring, and disposing of investments;
- All expenses related to litigation and threatened litigation involving a Fund;
- Legal, auditing, tax and accounting services, custodian fees, brokerage, travel, marketing and other fees, commissions and expenses incurred by a Fund; and
- Taxes, insurance, and any costs incurred from dissolving and liquidating a Fund. The fee structures described above may be modified from time to time. Fees may differ from one Fund to another, as well as among investors in the same Fund.

D. Payment of Fees in Advance

Management Fees are payable by each Fund quarterly in advance, as described in Item 5(A) above.

A client may obtain a refund of a pre-paid management fee if the advisory contract is terminated below the end of the billing period. Upon notification of termination, Webster Equity Partners will determine if any refund or quarterly management fee is due to the client for any overpayment resulting from the termination. Typically, the overpayment would be determined based on a ratio of numbers of days not lapsed during the quarter over total number of days in that quarter.

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E. Compensation for Sale of Securities or Other Investment Products

The information required by this item is not applicable to Webster Equity Partners. As described in Item 6, certain General Partners receive a carried interest in the net profits of the applicable Fund.

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Performance-Based Fees and Side-By-Side Management

Form ADV Part 2A, Item 6

Webster Equity Partners does not directly receive performance-based fees. Each of the Fund General Partners receives a carried interest in the applicable Fund, which is indirectly paid by the investors in such Fund. Carried interest distributions are based on the return of the applicable Fund in excess of the investors' original capital contributions plus a specified return.

Webster Equity Partners II-A and Suncoinvest are fully invested so any conflicts of interest between those Funds on the one hand, and the other funds, on the other hand, are expected to be limited. However, conflicts of interest are likely to arise in the future as Webster Equity Partners becomes the adviser to new or additional funds or where an adviser and its affiliates manage more than one private investment fund. Webster Equity or an affiliate may give advice to a Fund which differs from the advice given to another Fund, even though the Funds' investment objectives may be the same or similar. Conflicts of interest will also exist in the allocation of an investment opportunity among the Funds. The investment period for certain of the Funds has ended. Notwithstanding the end of a Fund's investment period, it can continue to make follow-on investments in existing portfolio companies or investments otherwise approved in accordance with its governing documents. Conflicts of interest could arise amongst the Funds in allocating investment opportunities among the funds, including follow-on investment opportunities for an existing company in a Fund.

For a discussion of potential conflicts that may arise in connection with the management of multiple funds, and the steps that Webster Equity takes to minimize and mitigate those conflicts, please refer to Item 11.

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Types of Clients

Form ADV Part 2A, Item 7

Webster Equity Partners advises only Webster Equity Partners V, Webster Capital IV, Webster Capital III, Webster Equity Partners III-A, Webster Capital II-A, Webster Equity Partners Bristol CF, Webster Equity Partners III Bristol CF, Webster Equity Partners IV Bristol CF, Webster Equity Partners Pinnacle, Suncoinvest, Webster CVM, Webster Oceans, Webster Cascade, Webster Cascade II, and Webster Equity Partners V-B.

Webster Equity Partners' relying advisers, Wasque GP, Wasque II GP and Crax GP advise only their respective fund, Wasque, Wasque II and Crax.

Webster Equity does not have a minimum size for a Fund, but minimum commitments may be established for investors in the Funds. A General Partner may in its sole discretion permit investments below the minimum amounts set forth in the offering documents of an applicable Fund. Interests in the Funds are offered pursuant to applicable exemptions from registration under the Securities Act of 1933, as amended, and the Investment Company Act of 1940, as amended. Subscriptions to the Funds are made pursuant to customary subscription documents for private equity funds containing customary representations and warranties of the investor including, without limitation, with respect to the investor's financial and tax status and compliance with applicable law. A General Partner, in its sole and absolute discretion, can reject all or any part of an investor's subscription at any time prior to such General Partner's acceptance of the subscription and execution of the subscription agreement with such investor.

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Methods of Analysis, Investment Strategies and Risk of Loss

Form ADV Part 2A, Item 8

A. Methods of Analysis and Investment Strategies

The Funds primarily employ an investment strategy in the healthcare services sector. While the Funds have also invested in consumer and business services sectors over the years, healthcare services investing has been a cornerstone of the Webster Equity Partners strategy. In 2020, Webster Equity shifted its investment focus to healthcare services only in order to capitalize on its competitive advantages, wide network, and long- standing track record. As of December 31, 2022, the Funds have invested in 46 companies and have 27 still active under management.

Webster Equity invests in mission critical, patient-centric businesses in fragmented sub-sectors and seeks to be the first institutional capital, targeting companies with revenues between \$20 million and \$200 million and EBITDA between \$3 million and \$25 million. Equity investments generally range from \$25 million to \$100 million in each transaction, typically using moderate leverage and deal structures biased toward full control, enabling Webster Equity to guide all major operational, strategic, capital and leadership decisions. The goal of the Funds is to produce outstanding financial returns for investors by identifying, creating, structuring, developing, and harvesting attractive opportunities of private companies primarily located in the U.S. or Canada operating in healthcare services. Webster Equity will advise the Funds in sponsoring acquisitions, buyouts, growth financings and recapitalizations of branded, profitable companies that meet its investment criteria. Webster Equity will advise the Funds in accordance with the following general criteria for identifying investments:

- Value: Realistic current value for well-positioned companies with proven business models and unrealized potential;
- Growth: Companies with the management resources and clear competitive opportunities and advantage to generate significant growth;
- Control: Investments where a majority equity position is available or the Fund's principals can structure a path to liquidity through earn-outs, call rights, or optional redemption.

As part of their due diligence and decision process, the Investment Committee looks at several long-term business trends of the Company and its industry sector, as well the overall size and characteristics of its market sector to determine if they are interested in the Company and the space. They also perform an evaluation of the management team, as well as surveying their customers. Webster Equity Partners' due diligence is designed to identify both opportunities for growth as well as any impediments that may limit Webster Equity's ability to drive growth. Where appropriate, Webster Equity utilizes internal and external resources to identify factors that may impact growth prospects and exit valuations.

The results of Webster Equity's due diligence serve to inform the investment thesis for each investment. Webster Equity's due diligence framework is built upon a series of simple questions:

- Is this an attractive industry in which to deploy capital?
- Is the business model attractive and sustainable?
- Does the company have a strong competitive position in the market?
- How competitive is the industry?
- Will the company's strategy enable it to gain market share and sustain or improve margins?
- Is the team properly matched for the strategy and do they have the right incentives?
- Are risk and reward properly correlated?
- Is there anything proprietary about the company's service or product offering and, if so, how defensible is it?

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- What areas can be improved utilizing Webster Equity's industry and operating expertise?
- Can Webster Equity's extensive network add value to enhance growth?

In addition, Webster Equity Partners makes a commitment to Responsible Investment ("RI"), which encompasses environmental, social and governance ("ESG") factors. It is a core tenant of our operating and investment philosophies and in alignment with our fiduciary duties. Webster Equity integrates RI into our investment process because we believe it has the potential to enhance the long-term business success and/or to drive a closer alignment of objectives among investors, stakeholders, and society at large.

For potential investments in which we will invest capital, we perform an ESG screen as part of the due diligence process. As we see fit, we will engage external advisors to enhance our assessment of ESG risk exposure and to provide us recommendations for remediation. The purpose of the ESG screen is to create a high degree of awareness of material ESG aspects, which carry a high reputational risk or are likely to have an impact on the financial condition or operating performance of an ongoing business. We also seek to evaluate the management team's alignment with our ESG values, and its likelihood and disposition to meet our ESG commitments. Additional external experts may at times perform supplemental diligence as necessary to enhance our assessment of a specialized ESG area, such as cybersecurity, as applicable.

In recognition of the risk profile of each potential portfolio company and informed by the sector experience of the transaction team, Webster Equity conducts a diligence effort designed to identify and evaluate those specific risks and to address the above diligence framework questions. Webster Equity Partners Equity typically involves a variety of professional service providers as appropriate to complement its in-house staffing resources.

B. Risk Factors

Investment in securities involves significant risks. There can be no assurance that Webster Equity will achieve its investment objectives. The investment is suitable only for investors of substantial means who have no immediate need for liquidity of the amount invested and who can afford a risk of complete loss of such investment. Each prospective investor should consult with his, her or its personal legal, tax and financial advisers and carefully consider and evaluate the risks before executing any documents with respect to any investment in a Fund. Risks associated with an investment in the Funds include, but are not limited to, the following, and should be carefully evaluated before making an investment in the Funds.

No Assurance of Investment Return

The task of identifying investment opportunities in operating companies and managing such investments is difficult. Many organizations operated by persons of competence and integrity have been unable to make, manage, and realize such investments successfully. There is no assurance that a Fund will be able to invest its capital on attractive terms or generate returns for its investors. There is no assurance that the investments by a Fund will be profitable and there is a risk that the losses and expenses of such Fund will exceed income and gains. As such, there is no assurance of any distribution to the investors in a Fund prior to or upon liquidation of such Fund. Investors in the Funds should be prepared and able to absorb a loss of some or all of the capital invested in the Funds.

Certain Risks Associated with Potential Changes to Regulation of Investment Advisers and Private Funds

Webster Equity Partners and its affiliates operate in a heavily regulated environment and are subject to the requirements of the Advisers Act and the rules thereunder. In 2022 and 2023, the SEC proposed numerous amendments to the Advisers Act rules, which are likely to present a number of significant compliance challenges for registered investment advisers.

These proposals include amendments to:

- Enhance certain private fund reporting on Form PF;

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- Create a specific framework for due diligence and recordkeeping requirements applicable to the oversight of service providers;
- Require adoption of an incident response program under Regulation S-P to safeguard customer records and information and to notify affected individuals whose sensitive information has been accessed or used without authorization;
- Implement enhanced cybersecurity safeguards, including (i) the adoption of certain policies and procedures, (ii) reporting significant cybersecurity incidents to the SEC, (iii) disclosure of cybersecurity risks and incidents to clients and prospects and (iv) maintenance of related records;
- Substantially expand private fund reporting including (i) new prohibitions on certain conflicted activities (including the charging of certain fees and expenses such as accelerated monitoring fees and the non pro rata allocation of broken deal expenses), (ii) new prohibitions on preferential treatment relating to redemptions and fund and investment information and increased transparency on other types of preferential treatment, (iii) new quarterly statements to investors on performance, fees and expenses, and adviser and related person compensation, (iv) enhanced annual audit requirements, and (v) new requirements relating to adviser-led secondary transactions (including a requirement to obtain a fairness opinion);
- Introduce expansive requirements to address and enhance investor disclosure practices, and related policies and procedures, regarding Environmental, Social and Governance (“ESG”) investment considerations and objectives;
- Transform Rule 206(4)-2 (the “Custody Rule”) under the Advisers Act into a new Rule 223-1 (the “Safeguarding Rule”), which would, if adopted as proposed, profoundly broaden requirements;

Additionally, the new Advisers Act Rule 206(4)-1 (the “Marketing Rule”), which includes extensive changes to marketing requirements for registered advisers, took effect November 4, 2022.

Any failure to comply with the Marketing Rule and any of the other proposed requirements described herein as finally adopted could expose the Adviser and/or its affiliates to civil and/or criminal liability, as well as reputational damage, which could adversely affect the Funds.

Risks Associated with Banking Sector

Potential Emerging Banking Crisis. Inflation, and resulting rapid increases in interest rates, have led to a decline in the trading values of previously issued government securities with interest rates below current market interest rates. Certain financial institutions holding significant positions in these government securities have accumulated substantial realized and unrealized losses, which have impaired or could impair the ability of such institutions to meet customer and other liquidity needs. One such financial institution was Silicon Valley Bank (“SVB”), which faced the prospect of a possible “run on the bank” as depositors became concerned about the solvency of the bank and the ability of depositors to access their funds. SVB’s position became increasingly untenable, and, on March 10, 2023, regulators shut down SVB and placed it in receivership under the Federal Deposit Insurance Corporation (“FDIC”). Shortly thereafter, Signature Bank was also placed in FDIC receivership, and Silvergate Capital Corp. entered into a voluntary liquidation. Reports on March 27, 2023, indicated that the FDIC had sold most of the SVB bridge bank to First-Citizen’s Bank & Trust Company. Market concern about the SVB and Signature Bank situations, as well as the risks posed to other similar-profile banks, created the potential for a domino effect across the U.S. banking sector, which was confronting its most significant set of challenges since the 2008 financial crisis.

In an effort to stabilize this deteriorating situation, the FDIC, in conjunction with the U.S. Department of Treasury and the Federal Reserve Board, announced: (i) a program to provide financial institutions up to \$25 billion of loans secured by certain government securities held by SVB and similarly situated banks to mitigate the risk of potential losses on the sale of such government securities; and (ii) that SVB deposit accounts would be fully insured, with FDIC insurance extended beyond the existing \$250,000 FDIC insured limit. Despite these efforts, concerns about the overall financial health and stability of the U.S. banking sector remain high, with many bank stocks trading at significantly lower prices than they did before the crisis.

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began. Further governmental intervention may be required to stabilize the U.S. banking sector in the future if additional U.S. banks, particularly larger banks, appear to be at a risk of failure; it is unclear, however, whether the government would intervene in such circumstances and, if it did, whether such governmental intervention would be sufficient to forestall a full-blown banking crisis. It is also possible that further government intervention could result in other unforeseen adverse impacts on the economy over the short or long term. At the same time, global markets have been adversely impacted by financial uncertainties.

Even if, ultimately, market concerns about the financial health and stability of U.S. and global banking sectors are successfully addressed, many observers believe that the risk of a recession occurring in the U.S., and perhaps in other major global economies, has increased because of the recent events in the banking sector. Relatedly, these events may prompt the Federal Reserve Board and other central banking authorities to slow down the pace of future increases in benchmark interest rates, which could make it more difficult for the U.S. and other governments to mitigate inflationary pressures in the economy and contribute to a period of higher inflation.

The events described above present several potential risks including to: (i) investment advisers, general partners and their related entities; (ii) the funds which they manage; (iii) fund limited partners; (iv) the portfolio companies in which funds make and hold investments; and (v) founders and senior management teams of portfolio companies. Certain of these risks are described in more detail below but other risks may arise in the future as events unfold. In evaluating such risks in the context of a rapidly evolving situation like this one, one should assume that circumstances may change in ways that are not necessarily predictable, and that conditions may deteriorate. Any of the risks described below, or other risks not described, if realized, could have a material adverse effect on the liquidity, current and/or projected business operations, financial condition and/or performance results, as applicable, for any of Webster Equity Partners, the Relying Advisers, the Funds and/or their portfolio investments.

Banking Sector Risks on Fund Operations and Performance

It is likely that, if the banking sector situation continues to deteriorate, the U.S. and/or other global economies would be adversely affected, including the possibility of recession, the duration and severity of which are difficult to predict. Among other things, a weakening in the macroeconomic situation could make it more difficult for the Funds to identify and source investments; finance and/or consummate investments which are sourced or refinance existing investments; and dispose or otherwise monetize investments at attractive valuations. In addition, it is possible that the incidence of Fund investor capital call defaults may increase. The cumulative effect of the foregoing could adversely impact the value of Fund holdings and overall Fund performance.

Specific Risks Associated with Banking Relationships

One or more of the Funds and their portfolio companies had accounts at, were borrowers under credit facilities with, or had other banking, custodial, escrow or other commercial relationships with, SVB. Webster Equity Partners' primary deposit, sweep bank accounts, and capital call lines of credit were with SVB. Upon notice of SVB's closure, Webster Equity performed an analysis to assess the overall impact to Webster Equity and our portfolio companies. Webster Equity Partners' primary deposit, sweep bank accounts, and capital call lines of credit are now with First Citizens after its acquisition of deposits and loans from Silicon Valley Bridge Bank, N.A., the successor to SVB. However, Webster Equity Partners, the Funds and their portfolio companies continue to evaluate opportunities with a diverse array of credit partners and financial institutions as they normally would in the ordinary course of business in order to appropriately diversify their exposure to any single financial institution. In addition, there can be no assurance, that Webster Equity Partners or its related parties (such as Fund general partners), the Funds or any Fund portfolio company or founder/senior management team members of any portfolio company will not have a business relationship with another bank or other financial institution that, in the future, is placed in receivership. As such, the specific risks identified below may apply.

Custody Risk: If a bank has custody of Fund assets and the bank goes into receivership, the receivership could adversely impact the safekeeping of those assets and the ability to retrieve and secure such assets, and the Fund may experience delayed access to deposits or other financial assets or the uninsured loss of deposits or other financial assets. To mitigate this risk, Webster Equity tries to select a custodian with a

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strong balance sheet and significant capital base by conducting due diligence on financial stability including a review of the bank's financial statements, credit ratings, and any other information regarding the bank's financial health. In addition, Webster Equity monitors the custodian's financial health periodically by reviewing the information described above. Webster Equity has developed a contingency plan outlining the steps that will be taken to protect the assets of the Fund and to transfer them to another custodian.

Risk of Access to Fund Subscription Lines or Other Working Capital Facilities: If a bank provides a Fund with a capital call subscription line or other working capital facility and the bank goes into receivership, the availability of funds under that line or facility could be adversely affected, which could in turn adversely impact the Fund's ability to consummate investments or pay Fund expenses in a timely manner. Webster Equity believes it can mitigate this risk by doing business with banks that have strong balance sheets and, if it has concerns that a bank will not be able to fund a subscription or other working line loan, to call capital instead from its limited partners.

Adviser/General Partner/Fund Risk: If Webster Equity Partners, a Fund general partner, a related party or a Fund has a banking relationship with a bank or financial institution that goes into receivership, Webster Equity Partners' ability to manage or operate a Fund consistent with its past business practices could be negatively impacted, potentially resulting in a disruption in operations. Webster Equity plans on mitigating this risk by monitoring the financial condition of its banking relationships and, where appropriate and practicable, maintaining more than one banking relationship. In addition, when appropriate and permitted pursuant to any existing credit facilities, Webster Equity evaluates and implements:

- Deposit placement programs, whereby a deposit in excess of the \$250,000 FDIC deposit insurance limit is divided into amounts under the FDIC deposit insurance limit and placed on deposit at other banks for the purpose of obtaining an effective increase in the total amount of FDIC-deposit insurance; and
- Money market mutual fund sweeps that move funds in excess of a target balance amount into shares of a money market mutual fund selected by the customer, thereby removing the amounts in excess of the target off the bank's balance sheet into a money market fund owned by the customer and insulated from the bank's failure. When funds in the customer's deposit account drop below the target balance, the bank redeems money market mutual fund shares to sweep cash back to the bank in order to maintain the target balance.

Service Provider Risks: Service providers with whom Webster Equity Partners or a Fund does business may have relationships with banks that go into receivership, which could negatively impact such service providers and, therefore, the services Webster Equity or the Fund receives from such service providers. Webster Equity will seek to mitigate this risk by periodically evaluating the risk profile of its service providers, and where appropriate, identifying in advance alternative service providers which could be brought in quickly if an existing service provider is unable to provide critical services.

Portfolio Company Risks: Portfolio companies of a Fund typically have their own banking or other relationships with banks and other financial institutions that present many of the same risks described above. In addition, a Fund portfolio company that is unable to access a credit line because its bank is in receivership may require bridge or other temporary financing from a Fund to meet its payroll or other obligations. Such transactions may reduce the capital availability of the Fund to make other investments and may result in overall reduced returns to the Fund. Moreover, if a letter of credit or other form of credit support was being provided to a portfolio company by a bank that goes into receivership, such portfolio company may be in default of other obligations it may have requiring such letter of credit or credit support to be maintained.

Webster Equity Partners intends to mitigate such risk by trying to influence its portfolio companies, wherever it has such influence, to select lending relationships with banks and other financial institutions with strong balance sheets; to monitor the financial health of its lenders on a regular basis; to have more than one banking relationship where appropriate or practicable; and to have deposit placement and cash sweep programs similar to those described above. In this regard it is important to note that, in certain situations (such as in non-control investments in portfolio companies or investments where there are several significant size investors in the portfolio company in addition to any Fund), Webster Equity may have limited or no influence on portfolio company banking decisions and, even where it has influence, portfolio management teams may make decisions regarding banking relationships which are different than the decisions Webster

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Equity would make in the same circumstances.

Founder/Other Portfolio Management Risk. Risks can arise when founders or senior management of portfolio companies have economic or personal relationships with banks in danger of failing. In such cases, their attention and focus may be diverted from their primary responsibilities towards these relationships, potentially affecting their ability to effectively manage the portfolio company and create value for a Fund as investor.

For instance, if the founder or senior management of a portfolio company has invested a significant portion of their personal wealth in a troubled bank, they may become preoccupied with monitoring the bank's financial health and taking steps to protect their investments, potentially at the expense of their duties towards the portfolio company. Similarly, if a founder or senior management has outstanding loans with a troubled bank, the founder or senior management may focus more on maintaining a good relationship with the bank to ensure that the loans are not called in, instead of prioritizing the portfolio company's operations and growth.

Economic and Market Risk

General fluctuations in the market prices of securities and economic conditions generally, particularly of the type experienced since 2008, may affect the Funds' ability to make investments and the value of the investments held by the Funds. Instability in the securities markets and economic conditions generally may also increase the risks inherent in the Funds' investments. While current market conditions may create opportunities for the Funds to make investments at prices that Webster Equity Partners and a General Partner believe are attractive, it creates a number of risks. There can be no assurance that the market will, in the future, become more liquid than it is at present, and it may well continue to be volatile for the foreseeable future. A Fund may be adversely affected to the extent that it seeks to dispose of any of its investments into an illiquid or volatile market, and such Fund may find themselves unable to dispose of an investment at a price that Webster Equity Partners and its General Partner believe reflect the investment's fair value. The duration and ultimate effect of current market conditions and whether such conditions may worsen cannot be predicted. The ability of portfolio companies to refinance debt security(ies) may depend on their ability to sell new securities in the public high yield debt market or otherwise.

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Changes in Environment

The Funds' investment programs are intended to extend over a period of years, during which the business, economic, political, regulatory, and technology environments within which the Funds operate may undergo substantial changes. 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 Funds or considered for prospective investment. Instability in the securities markets may also increase the risks inherent in investments. Legal and regulatory changes could occur during the term of the Funds that may adversely affect the Funds.

Time Required to Maturity of Investments

It is anticipated there will be a significant period of time (up to six years or more) before the Funds have completed their investments in portfolio companies. Such investments may typically take from 3 to 10 years from the date of initial investment to reach a state of maturity when realization of the investment can be achieved. Transaction structures typically will not provide for liquidity of a Fund's investment prior to that time. In light of the foregoing, it is likely that no significant return from the disposition of a Fund's investments will occur for a significant period of time from a Fund's initial closing date.

Reliance on Portfolio Company Management

The success of many of the Funds' portfolio companies will be heavily dependent on the management of such portfolio companies. In general, the management team of each portfolio company will be responsible for its day-to-day operations. Additionally, a General Partner generally will establish the capital structure of an applicable Fund's portfolio companies on the basis of financial projections, which will be based in significant part on input from portfolio company management teams. Although a General Partner will be responsible for monitoring the performance of each portfolio company, and such Fund generally intends to invest in portfolio companies with strong management or otherwise recruit strong management to its portfolio companies, there can be no assurance that a portfolio company's management team will be able or willing to successfully operate a portfolio company in accordance with the applicable Fund's objectives. Portfolio companies may need to attract, retain, and develop executives and members of their management teams. Webster Equity Partners expects that the market for executive talent, especially for individuals with experience in the healthcare services sector, is likely to be extremely competitive. There can be no assurance that the management team of a portfolio company in place on the date of such Fund's investment in such portfolio company will remain the same or continue to be affiliated with such portfolio company throughout the period in which such portfolio company is held by such Fund. Further, the business and operations of portfolio companies in the healthcare services sector may be more likely to experience rapid organizational change, which may strain the performance of such portfolio companies' management teams. There can be no assurance that any portfolio company will be able to attract, develop, integrate, and retain suitable members of its management team, and, as a result, a Fund may be adversely affected thereby.

Competitiveness of Private Equity Investment Industry

The business of identifying and structuring transactions of the nature contemplated by the Funds is highly competitive. The Funds will be competing for investments with other private equity investment vehicles as well as other institutional investors. The size and number of private equity investment vehicles has grown dramatically in recent years, and this trend may continue in the future. There can be no assurance that the

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Funds will be able to locate suitable investment opportunities, acquire them for an appropriate level of consideration, achieve targeted returns, or fully invest their committed capital.

Risks of Investing in the Healthcare Industry

Investing in securities of healthcare companies involves substantial risks, including (but not limited to) the following: there is scarce capital being invested in these securities which leads to increased price volatility and unpredictable liquidity; certain companies may have limited operating histories; scarcity of management and marketing personnel with appropriate scientific or medical training may slow or impede companies' growth; the possibility of lawsuits related to patents or products, obsolescence of products, change in government policies, changing investor sentiments and preferences with regard to healthcare industry investments (some of which are generally perceived as risky) may have an adverse effect on the price of underlying securities; and volatility in the stock markets affecting the prices of healthcare company securities may cause the performance of the Funds to experience substantial volatility.

There are risks unique to investments in securities of healthcare companies that are a result of increasing regulation of, and government intervention into, the healthcare industry and the complexity raised by ethical issues. Changes in the regulatory environment could affect healthcare companies in ways that are not currently anticipated. All drugs, for example, must be approved by government regulatory agencies before marketing. Healthcare reforms, which often include special taxes, price controls and provisions for patient rights, affect all providers of medical products and services. The Federal Trade Commission and the Food and Drug Administration have become increasingly involved as healthcare companies' attempt to protect product patents and seek partnerships at all levels, from specific drugs or technologies to mergers and acquisitions between the large pharmaceutical companies. Rapid advances in genetic engineering have caught government agencies ill-prepared and have resulted in widely disparate regulations on bio-engineered medical products. As an example, the mapping of the human genome has provoked issues regarding the ownership of the raw sequence and the validity of patents based solely on the genetic data. Ethical issues continue to affect the sector on such topics as the standard of care, the role of managed care, the cost of medicine to society, the fairness of tiered medical systems, the differences in drug pricing, the level of funding attributed to the study of bioterrorism and the justification of animal testing.

Investments in Highly Regulated Industries

The Funds will primarily make investments in portfolio companies operating in the healthcare industry, which is subject to greater amounts of regulation than other industries generally. Investments in portfolio companies that are subject to greater amounts of governmental regulation pose additional risks relative to investments in other companies generally. Changes in applicable laws or regulations, or in the interpretations of these laws and regulations, could result in increased compliance costs or the need for additional capital expenditures. If a portfolio company fails to comply with these requirements, it could also be subject to civil or criminal liability and the imposition of fines. A portfolio company also could be materially and adversely affected as a result of statutory or regulatory changes or judicial or administrative interpretations of existing laws and regulations that impose more comprehensive or stringent requirements on such company. Governments have considerable discretion in implementing regulations that could impact a portfolio company's business and governments may be influenced by political considerations and may make decisions that adversely affect a portfolio company's business. Additionally, certain portfolio companies may have a unionized work force or employees who are covered by a collective bargaining agreement, which could subject any such portfolio company's activities and labor relations matters to complex laws and regulations relating thereto. Moreover, a portfolio company's operations and profitability could suffer if it experiences labor relations problems. Upon the expiration of any of such portfolio company's collective bargaining agreements, it may be unable to negotiate new collective bargaining agreements on terms favorable to it, and its business operations at one or more of its facilities may be interrupted as a result of labor disputes or difficulties and delays in the process of renegotiating its collective bargaining agreements. A work stoppage at one or more of any such portfolio company's facilities could have a material adverse effect on its business,

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results of operations and financial condition. Additionally, any such problems may bring scrutiny and attention to a Fund itself, which could adversely affect such Fund's ability to implement its investment objectives.

Political Uncertainty in Respect of Highly Regulated Industries

Changes in regulatory, geopolitical, social, or economic policies and other factors may have a material adverse effect on our portfolio companies and the Funds in the future. For example, the outcome of future U.S. Federal elections and potential corresponding Presidential administration change, and Congressional power realignments may result in significant changes, or uncertainty, in governmental policies, regulatory environments and many other factors and conditions, some of which could adversely impact a Fund's portfolio company operations or make it more difficult for such Fund to achieve its investment objectives. The President has significant influence including a role in appointing federal officials of various agencies that regulate and/or impact the healthcare industry, and Congress has the ability to impact this industry as well. While it is not possible to predict when and whether significant policy changes would occur, policy changes on the federal level resulting from the outcome of future U.S. Federal elections could significantly impact the healthcare industry, the economy, and the geopolitical landscape. To the extent that the results of future election cycles have a negative impact on the healthcare industry, it may materially and adversely impact a Fund and its portfolio companies.

Middle-Market Companies

The Funds will invest primarily in middle-market companies. Investments in middle-market companies may entail larger risks than are customarily associated with investments in larger companies. Middle-market companies may have more limited product lines, markets, and financial resources, and may be dependent on a smaller management group and on additional financing. As a result, such companies may be more vulnerable to general economic trends and to specific changes in markets and technology.

Limited Number of Investments

Each Fund expects to make portfolio investments primarily in the healthcare services sector. Concentration within a single or a limited number of industries may involve risks greater than those of investment funds that invest across a broader range of industries. Additionally, each Fund intends to participate in a limited number of portfolio investments and, as a consequence, the aggregate return of a Fund may be adversely affected by the unfavorable performance of even a single portfolio investment. Although the General Partners intend to diversify the Funds' portfolio, the inability of any General Partner to achieve this objective could adversely affect the performance of an applicable Fund. Furthermore, to the extent that the capital raised is less than the targeted amount, a Fund may invest in fewer portfolio companies and thus be less diversified. To the extent a Fund concentrates investments in a particular issuer, industry, security or geographic region, its investments will become more susceptible to fluctuations in value resulting from adverse economic and business conditions with respect thereto.

As a result of the foregoing, a Fund's investment portfolio could become highly concentrated, and the performance of a few holdings or of the healthcare industry, or the timing of such Fund's investments, may substantially affect such Fund's aggregate return. Instability, fluctuation, or an overall decline within the healthcare sector will likely not be balanced by investments in other industries not so affected. In the event that the healthcare sector as a whole declines, returns to investors will likely decrease.

Illiquidity of Portfolio Investments

The Funds' investments will be illiquid and long-term, and there can be no assurance that the Funds will be able to realize their investments at attractive prices or otherwise be able to affect a successful realization or exit strategy. Illiquidity may result from the absence of an established market for investments and as further described below, from legal or contractual restrictions on their resale by the Funds.

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It is anticipated that all or a substantial portion of a Fund's investments will consist of securities that are subject to restrictions on sale by such Fund because they were acquired from the issuer in "private placement" transactions or because such Fund is deemed to be an affiliate of the issuer. Generally, a Fund will not be able to sell these securities publicly without the expense and time required to register the securities under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or will be able to sell the securities only under Rule 144 or other rules under the Securities Act, which permit only limited sales under specified conditions. When restricted securities are sold to the public, a Fund may be deemed an "underwriter," or possibly a controlling person, with respect thereto for the purpose of the Securities Act and be subject to liability as such under the Securities Act.

Platform Investments

A Fund may create a platform for acquiring companies in a particular industry for the purpose of creating synergies across, and adding value to, such companies (e.g., merging companies together to create economies of scale or running certain companies in a coordinated manner). In such instances, a holding company ("Holding Company") would be created that would acquire and manage the companies in the platform. Holding Companies can provide administrative efficiencies and significantly reduce the cost of making, holding, and disposing of investments in portfolio companies, thereby enhancing the returns on those investments. The Holding Company would be staffed with personnel responsible for sourcing, acquiring, and managing companies for the Holding Company. The Holding Company's costs and expenses (including compensation for its employees which compensation may include, among other things, the granting of profit participation in certain investments of the Holding Company and/or a capital interest in such investments or the underlying assets) would be borne by the Holding Company (and, therefore, indirectly borne by such Fund). Such costs and expenses will not offset the management fee of such Fund and are in addition to management fees of such Fund and other compensation (e.g., carried interest) received by Webster Equity Partners GPs. In addition, as Webster Equity Partners GPs earn management fees and carried interest from such Fund, Webster Equity Partners GPs will benefit from the assets, income, and gains of the Holding Company.

Risks Relating to Due Diligence; Expedited Transactions

Before making an investment, a General Partner 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 entails evaluation of important and complex business, financial, tax, accounting, technical, environmental, regulatory, and legal issues, as applicable. Outside consultants, legal advisors, accountants, investment banks and other third parties are involved in the due diligence process to varying degrees depending on the type of investment and the facts and circumstances related thereto, and a General Partner 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 the General Partner's reduced control of the functions that are outsourced. In addition, if a General Partner 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 a General Partner and the Company may often be undertaken on an expedited basis in order for such Fund to take advantage of investment opportunities. In such cases, information available to such General Partner and the Company at the time of an investment decision may be limited, and such General Partner and the Company may not have access to the detailed information necessary for a full evaluation of the 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. As a result, a General Partner and the Company may not identify or obtain material information about an investment opportunity that would have influenced certain decisions with respect to such investment opportunity had it been known to them prior to making the investment, such as whether or not to pursue the investment, the amount paid for the investment and other considerations.

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Leveraged Nature of Investments.

While investments in highly leveraged companies offer the opportunity for capital appreciation, such investments also involve a high degree of risk. A Fund's portfolio companies may involve high 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. If a portfolio company cannot generate adequate cash flow to meet its debt service, obligations or defaults under the covenants imposed on it pursuant to its borrowing arrangements, it may be required to immediately repay all outstanding indebtedness. An acceleration of a portfolio company's repayment of indebtedness could result in a bankruptcy filing by the portfolio company, and the applicable Fund may suffer a partial or total loss of capital invested in such portfolio company. As a result, the risk of loss associated with a leveraged portfolio company is generally greater than for a portfolio company with comparatively less debt. A Fund may also guarantee the obligations of its portfolio companies. If a portfolio company defaults on its obligations, such Fund may be required to satisfy such obligation.

In many of the private equity investments expected to be made by a Fund, indebtedness may constitute a significant portion of a portfolio company's total capitalization, including debt that may be incurred by such portfolio company in connection with such Fund's investment. An increase in either the general levels of interest rates or in the risk spread demanded by sources of debt financing could make it more difficult for such Fund to consummate investments that are dependent on a financial restructuring. Increases in interest rates could also make it more difficult to locate and consummate private equity investments because other potential buyers, including operating companies acting as strategic buyers, may have sources of equity capital or access to lower-cost debt that would allow them to bid for assets at a higher price due to their lower overall cost of capital.

In addition, favorable borrowing conditions in the debt markets, which historically have been cyclical, have often benefited the private equity industry. However, there have been, and will in the future be, periods of volatility and uncertainty in the global credit markets that make it significantly more difficult for sponsors to obtain favorable financing. There can be no certainty that recurring periods of limited financing availability (or an increase in the interest cost) for leveraged transactions could return or persist, and should such conditions arise, they could impair, potentially materially, a Fund's or a portfolio company's ability to consummate transactions or could cause such Fund or a portfolio company to enter into certain leveraged transactions on less attractive terms.

If a portfolio company is unable to obtain favorable financing terms for its investments, refinance its indebtedness or maintain a desired or optimal amount of financial leverage, a Fund may hold a larger than expected equity investment in such portfolio company and may realize lower than expected returns from the portfolio company that would adversely affect such Fund's ability to generate attractive investment returns for the investors. A failure by lenders to provide financing could also expose a Fund to potential claims by sellers of businesses which such Fund may have been contracted to purchase. The instruments and borrowing utilized by a Fund to leverage investments may be collateralized by any assets of such Fund and, subject to the terms of such Fund's partnership agreement, may be cross collateralized with the assets of any parallel fund or alternative investment vehicle of such Fund or with the assets of any other vehicles managed by Webster Equity Partners. Under such agreements, to the extent permitted under a Fund's partnership agreement, such Fund and such other entities may be held jointly and severally liable for the full amount of the obligations arising out of such instruments and borrowings, and if another fund defaults on such arrangement, such Fund will be held responsible for the defaulted amount. Accordingly, a Fund may pledge its assets (including its committed capital) in order to borrow additional funds or otherwise obtain leverage for investment or other purposes. The amount of borrowings which a Fund may have outstanding at any time may be substantial in relation to its capital.

Geographic Concentration Risk

The Funds will focus their investments primarily in companies headquartered in, or with revenues primarily derived from, the United States or Canada and therefore will be particularly vulnerable to events affecting

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companies in these regions. Additionally, the economy of a particular country in which the Funds may invest is influenced by economic and market considerations in other countries in the region. Investors' reactions to events in one country can have adverse effects on the securities of companies and the value of property and related assets in other countries in which the Funds may invest. The Funds' performance may be worse than the performance of other funds that invest more broadly geographically.

Investments in Less Established Companies

A Fund may invest in the securities of companies that have little operating history. Investments in such companies may involve greater risks than are generally associated with investments in more established companies. Such companies may be more vulnerable to general economic trends and to specific changes in markets and technology. Further, the marketplace for the sale of interests in smaller, private companies may be more limited than that for the sale of larger companies and thus may make realizations of gains more difficult if a portfolio company remains smaller. Less established companies may have lower capitalizations and fewer resources than companies with long operating histories, and therefore may be more vulnerable to financial failure.

Lack of Control in Minority Investments

While a Fund will typically make control investments, certain of such Fund's investments may represent minority positions in portfolio companies, without power individually to exert significant control over such portfolio companies' boards of directors and management. In such cases, such Fund will rely significantly on the existing management and boards of directors of such companies, which may include representatives of other investors with whom such Fund is not affiliated and whose interests or views may conflict with the interest of such Fund. As a condition of making non-controlling investments in portfolio companies, a Fund will seek to obtain appropriate shareholder rights to protect such Fund's investment, but it may not be possible to obtain such rights in all cases. If a Fund does not have a controlling position or other shareholder rights to protect its interests, it is possible that a portfolio company could take actions that negatively impact the value of such Fund's investment or that prevent such Fund from disposing of its investment in the portfolio company.

Bridge and Syndicated Investments

From time to time, a Fund may lend to portfolio companies on a short-term, unsecured basis or may otherwise invest in a portfolio company on an interim basis with the expectation of a subsequent refinancing or syndication. For reasons not always in such Fund's control, such refinancing or syndication may not occur, which would result in such bridge or other interim investment remaining outstanding longer than anticipated. In such an event, the interest rate or other terms of such investments may not adequately reflect the risk associated with the position taken by such Fund. Such investments may be entered into at prospective returns below such Fund's target investment returns. Therefore, only such investment that is not exited as originally anticipated, even if successfully recovered by such Fund, could significantly reduce such Fund's overall investment returns.

Need for Additional Capital

The Funds' portfolio companies may require additional financing from sources outside their respective Fund to satisfy their capital requirements. The availability of such capital may be a function of capital market conditions that are beyond the control of the respective Fund or any portfolio company. There is no assurance that additional funds will be available from desired sources or on terms favorable to the portfolio companies.

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Reliance on the General Partners and the Principals

Investors have no right or power to take part in the management of a Fund and thus must depend solely upon the ability of the Company and the applicable General Partner with respect to making investment decisions. Investors will not receive the detailed financial information issued by portfolio companies that is available to a General Partner and Webster Equity.

In addition, investors will not have an opportunity to evaluate any specific investment made by a Fund or the terms of any investment made by such Fund prior to the consummation of such investment. The individuals with responsibility for investing in, or managing and disposing of, investments for a Fund also have responsibilities to other investment funds managed by Webster Equity Partners. The success of a Fund will depend on the ability of its General Partner and Webster Equity to identify and consummate suitable investments, to improve the operating performance of portfolio companies, and to dispose of investments of such Fund at a profit. There can be no assurance that all of the professionals of a General Partner and Webster Equity will continue to be associated with such Fund throughout its term. These individuals also may serve on the boards of directors of various companies. As a result, they will not devote their full time and attention to such Fund and its portfolio companies. The loss of the services of one or more of the members of the professional staff of Webster Equity Partners or of the members of a General Partner could have an adverse impact on such Fund's ability to realize its investment objective.

Valuation of Assets

No actively traded market is expected for most of the securities to be owned by a Fund. When estimating fair value, Webster Equity Partners will apply a methodology based on its best judgment that is appropriate in light of the nature, facts, and circumstance of the investments. Valuations are subject to multiple levels of review for approval and fairly valuing portfolio investments is an important focus of Webster Equity Partners. However, the process of valuing securities for which reliable market quotations are not available is based on inherent uncertainties and the resulting values may differ from values that would have been determined had an active market existed for such securities and may differ from the prices at which such securities may ultimately be sold. Third-party pricing information may at times not be available regarding certain of a Fund's assets.

Possibility of Misconduct of Employees or Service Providers

Misconduct by employees of a General Partner, the Company, service providers to the applicable Fund and/or their respective affiliates could cause significant losses to such Fund. Misconduct may include entering into transactions without authorization, the failure to comply with operational and risk procedures, including due diligence procedures, misrepresentations as to investments being considered by a Fund, the improper use or disclosure of confidential, personal or material non-public information, which could result in litigation or serious financial harm, including limiting a Fund's business prospects or future marketing activities, and non-compliance with applicable laws or regulations and the concealing of any of the foregoing. Such activities may result in reputational damage, litigation, business disruption and/or financial losses to a Fund. The Company has controls and procedures through which it seeks to minimize the risk of such misconduct occurring. However, no assurances can be given that a General Partner or the Company will be able to identify or prevent such misconduct.

Illiquidity of LP Interests

An investment in a Fund is a long-term commitment. Interests are highly illiquid and have no public market value. No secondary market for interests in the Funds exists, and no such market will be established or supported by a General Partner or Webster Equity Partners. Furthermore, the sale or transfer of an interests in a Fund is subject to approval of its General Partner and other restrictions contained in such Fund's partnership agreement. An investment in a Fund is suitable only for persons and entities which have no need

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for liquidity with respect to their investment. Voluntary withdrawals of a Fund's interests are not permitted except under certain limited circumstances, generally relevant only with respect to ERISA investors. The interests in the Funds have not been registered under the Securities Act, nor is any such registration contemplated.

Consequences of Default

If an investor fails to pay in full any requested capital contributions, an applicable General Partner may take certain actions against the investor, including pursuing any legal and/or equitable remedies that may be available or taking additional actions as are more fully described in the applicable Fund's partnership agreement.

Distributions in Kind

A General Partner may distribute the proceeds of certain investments of the applicable Fund in securities or other non-cash property. Significant sales of securities by investors following such distribution in kind could create downward pressure on the trading price of those securities.

Confidentiality

The partnership agreement for each Fund contains confidentiality provisions intended to protect the proprietary and other information relating to such Fund and such Fund's portfolio companies. To the extent that such information is publicly disclosed, competitors of a Fund and/or competitors of its portfolio companies, and others, may benefit from such information, thereby adversely affecting such Fund, its portfolio companies, its General Partner, and the economic interests of such Fund's investors.

Litigation Risks

Each Fund will be subject to a variety of litigation risks, particularly if one or more of its portfolio companies face financial or other difficulties during the term of such Fund.

Investments in Pass-Through Entities

As more and more businesses are organized as limited liability companies, it is possible that a Fund's investment portfolio may include one or more such entities, which may be treated as "pass-through entities" for U.S. federal income tax purposes. A Fund's investment in an entity which is treated as a pass-through entity could result in: (a) the generation of taxable income for such Fund and its Partners, even though they will not necessarily receive the cash flow related to such taxable income; (b) the generation of additional unrelated business taxable income for tax-exempt investors that invest directly in such investment through such Fund; and (c) the treatment of such Fund (and therefore its Partners, including Partners that are domiciled outside the United States that invest directly in such Fund) as being engaged in the conduct of a United States trade or business and/or a "commercial activity."

Service on Boards of Directors

From time to time, employees of Webster Equity Partners will serve as directors of portfolio companies. Serving on such boards will expose a Fund's representatives, and ultimately such Fund, to potential liability. Although portfolio companies often purchase insurance to protect directors and officers from such liability, certain portfolio companies may not obtain such insurance and there can be no assurance that such insurance will prove sufficient even if obtained. In addition, representation of a Fund on a portfolio company's board of directors may also have the effect of impairing the ability of such Fund to sell its securities in that portfolio company at such times and upon such terms as it might otherwise desire. If a Fund is a significant shareholder with board representation, such Fund could be subject to legal claims it would not otherwise be subject to as an investor, including claims of breach of the duty of loyalty, securities law claims and other

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board-related claims. Such Fund will indemnify such representatives for claims arising from such board representation, subject to limited exceptions in the partnership agreement of such Fund.

While conflicts of interest may arise in the event that such employee's fiduciary duties as a director conflict with such employee's duties to a Fund, it is expected that the interests will generally be aligned. Additionally, to the extent provided in the partnership agreement of such Fund, the management fees received by Webster Equity Partners are reduced by all or a portion of the amount of any remuneration such directors or such employees receive. In addition, employees of Webster Equity Partners are able to leave the employment of Webster Equity Partners or its affiliates and become an officer or employee of a portfolio company.

Limited Recourse and Indemnification

Each Fund's partnership agreement limits the circumstances under which its General Partner (and certain other related or affiliated parties) and Webster Equity Partners ("Covered Persons"), can be held liable to such Fund. As a result, investors may have a more limited right of action in certain cases than they would have in the absence of such a limitation. In addition, each Fund's partnership agreement provides for indemnification of the Covered Persons regarding activities undertaken by them on such Fund's behalf. Any indemnification claim may be paid out of Fund assets, and investors may be required to return distributions in satisfaction of such a claim.

System Failures and Reliance on Technology Risks

The Company's investment strategies, operations, research, communications, risk management, and back-office systems rely on technology, including hardware, software, telecommunications, internet-based platforms, and other electronic systems. Additionally, parts of the technology used are provided by third parties and are, therefore, beyond our direct control. We seek to ensure adequate backups of hardware, software, telecommunications, internet-based platforms, and other electronic systems, when possible, but there is no guarantee that our efforts will be successful. In addition, natural disasters, power interruptions and other events may cause system failures, which will require the use of backup systems (both on- and off-site). Backup systems may not operate as well as the systems that they back up and may fail to properly operate, especially when used for an extended period. To reduce the impact a system failure may have, we continually evaluate our backup and disaster recovery systems and perform periodic checks on the backup systems' conditions and operations. Despite our monitoring, hardware, telecommunications, or other electronic systems malfunctions may be unavoidable, and result in consequences such as the inability to monitor the Funds and portfolio companies or conduct due diligence. If such circumstances arise, the Company will consider appropriate measures for its clients and investors.

Cybersecurity Risk

A portfolio is susceptible to operational and information security risks due to the increased use of the Internet. In general, cyber incidents can result from deliberate attacks or unintentional events. Cyberattacks include, but are not limited to, infection by computer viruses or other malicious software code, gaining unauthorized access to systems, networks, or devices through "hacking" or other means for the purpose of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cybersecurity failures or breaches by third-party service providers may cause disruptions and impact the service providers' and the Company's business operations, potentially resulting in financial losses, the inability to transact business, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement, or other compensation costs, and/or additional compliance costs. While Webster Equity Partners has established business continuity plans and risk management systems designed to prevent or reduce the impact of such cyberattacks, there are inherent limitations in such plans and systems due in part to the everchanging nature of technology and cyberattack tactics.

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Pandemic Risks

The outbreak of the coronavirus rapidly became a pandemic and resulted in disruptions to the economies of many nations, individual companies, and the markets in general, the impact of which cannot necessarily be foreseen at the present time. This has created closed borders, quarantines, supply chain disruptions and general anxiety, negatively impacting global markets in an unforeseeable manner. The impact of the coronavirus and other such future infectious diseases in certain regions or countries may be greater or less due to the nature or level of their public health response or due to other factors. Health crises caused by the coronavirus outbreak or future infectious diseases may exacerbate other pre-existing political, social, and economic risks in certain countries. The impact of such health crises may be quick, severe and of unknowable duration. This pandemic and other epidemics and pandemics that may arise in the future could result in continued volatility in the financial markets and could have a negative impact on investment performance.

Securities Law Matters

The interests in each Fund are not and will not be registered under the Securities Act, or any other securities laws, including state securities or blue-sky laws. The interests in each Fund will only be offered and sold to “accredited investors” as defined in Rule 501 of Regulation D promulgated under the Securities Act. Such interests will be offered without registration in reliance upon the Securities Act exemption for transactions not involving a public offering. Investors in a Fund will be required to make certain representations to such Fund, including that they are acquiring interests in such Fund for their own account, for investment purposes only and not with a view to their distribution.

Investment Company Act Considerations

The Funds are not registered under the Investment Company Act of 1940, as amended (the “Investment Company Act”). Therefore, investors in the Funds are not afforded the protection provided by the Investment Company Act and the extensive regulations thereunder.

C. Recommending Specific Types of Securities

Webster Equity Partners’ investment strategy and methods of analysis are described in Item 8 herein.

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Disciplinary Information

Form ADV Part 2A, Item 9

As a registered investment adviser, Webster Equity Partners is required to disclose all material facts regarding any legal or disciplinary events that would materially affect an evaluation of the Company or the integrity of its management. However, information required by this Item is not applicable to Webster Equity Partners.

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Other Financial Industry Activities and Affiliations

Form ADV Part 2A, Item 10

Information required by this Item is not applicable to Webster Equity Partners.

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Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Form ADV Part 2A, Item 11

A. Code of Ethics

Webster Equity Partners has adopted a code of ethics that sets forth standards of ethical conduct and requires compliance with federal securities laws. The code of ethics requires that designated personnel report personal securities holdings and transactions and obtain preapproval of certain investments. Webster Equity Partners has also adopted an insider trading policy that restricts the use and communication of material nonpublic information. Webster Equity Partners will provide a copy of the code of ethics and insider trading policy to investors and prospective investors upon request. Key tenets of Webster Equity's code of ethics include the following:

- Avoid activities that could interfere with obligations Webster Equity Partners owes to its clients and investors;
- Maintain independence in the investment decision-making process;
- Never engage in any act, practice or course of business that could be considered fraudulent, deceptive, or manipulative in respect of any current or prospective client or Fund investor; and
- Act in a manner that complies not only with the letter of the law, but also the ideals of openness, integrity, honesty, and trust.
- Employees are required to certify their receipt of Webster Equity's code of ethics.
- Employees may not give or accept gifts or entertainment that are inappropriate or could be seen as excessive.
- All supervised persons are required to pre-clear any transactions in healthcare-related securities, privately offered securities, initial public offerings, and initial coin offerings.
- Employees that become aware of any violation of the code of ethics are required to report such violation to the Chief Compliance Officer.

B. Conflicts of Interest

Due to the nature of its business activities, Webster Equity Partners and its related persons may experience times where a conflict of interest might arise between certain parties. Set forth below are certain possible conflicts of interest and courses of action Webster Equity may take to mitigate these conflicts.

Preferred Equity Investment

David Malm and Doug Williams have financed a significant proportion of certain of their aggregate investment commitments (the "**Webster Equity Partners GP Investment Commitments**") by using preferred equity financed by one or more third parties (such third parties, the "**Preferred Equity Investor**"). Use of the proceeds of the financing is not limited to financing the Webster Equity Partners GP Investment Commitments and can be used for any lawful purpose. The Preferred Equity Investor has made, and could make, further preferred equity investments into the Webster Equity Partners GP Investment Commitments and, if such investment is made, would have a significant relationship with Webster Equity Partners and its partners. Specifically, the Preferred Equity Investor would have an indirect economic interest in certain of the general partners and in such capacity is entitled to receive a portion of the net

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investment returns of Webster Equity Partners. The Preferred Equity Investor will not have any authority over the day-to-day operations or investment decisions of Webster Equity Partners as they relate to any Webster Equity Partners Funds, but they are expected to have certain customary protections and information and reporting rights. The Preferred Equity Investor will not have representation on any Webster Equity Partners investment committee. The arrangement creates several potential conflicts of interest.

As the Preferred Equity Investor would receive priority returns on such Webster Equity Partners GP Investment Commitments as against Webster Equity Partners principals, this may therefore incentivize Webster Equity Partners to take additional risk in respect of the investment portfolios with a view to maximizing the Webster Equity Partners principals' returns after payment of priority returns to such Preferred Equity Investor.

As with other relationships developed by Webster Equity Partners and its partners, the relationships being developed with the Preferred Equity Investor and their respective affiliates and advisors have the potential to raise conflicts of interest and provide Webster Equity Partners and its partners with benefits that will not be shared with Limited Partners. The Preferred Equity Investor and its affiliates may, now or in the future, provide goods or services to, or have business, personal, political, financial, or other relationships with, Webster Equity Partners or its partners. In addition, the Preferred Equity Investor and/or its affiliates may be an investor (either directly or via a managed product) in one or more Webster Equity Partners Funds or co-invest in one or more portfolio companies or provide other significant business or investment services to Webster Equity Partners, the Webster Equity Partners Funds and/or their portfolio companies. These relationships and investments may enable Webster Equity Partners or its partners to earn additional fees or carried interest and/or influence the Webster Equity Partners Fund GPs in deciding whether to select or recommend any such party to perform services for the Webster Equity Partners Funds or a portfolio company.

The arrangement also may create other conflicts of interest related to the Preferred Equity Investor regarding: the Preferred Equity Investor's other investment vehicles that may compete with Webster Equity Partners Funds for investment opportunities, invest in the same opportunities as Webster Equity Partners Funds, and the Preferred Equity Investor may provide benefits to Webster Equity Partners that are not shared with Limited Partners and have access to greater rights, including greater portfolio transparency, than the Limited Partners.

Fee and Carried Interest Structure

Because there is a fixed investment period after which capital from investors in a Fund may only be drawn down in limited circumstances and because management fees are, at certain times during the life of such Fund, based upon capital invested by such Fund, this fee structure creates an incentive to deploy capital when Webster Equity Partners would not otherwise have done so. Additionally, the management fee of a Fund is required to be paid to Webster Equity Partners even if such Fund experiences net losses in a particular year or over the term of such Fund.

The Webster Equity Partners Funds and co-investors will often have different investment objectives and limitations, such as return objectives, leverage limitations and maximum hold period. As a result of the foregoing, Webster Equity Partners will have conflicting incentives in making decisions with respect to such opportunities. Even if the Webster Equity Partners Funds and any such co-investor parties invest in the same securities on similar terms, conflicts of interest will still arise as a result of differing investment profiles of the investors and the difference in diversification, among other items.

In co-investment vehicles, the applicable General Partner or affiliate of Webster Equity Partners is entitled to a portion of net profits without having to bear net losses. These features may cause a General Partner to make investments that have a greater risk/reward profile than would be the case in the absence of such a feature.

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Competition for Investment Management Services

The individuals at Webster Equity Partners who are responsible for providing investment advice and services to a Fund will devote such time as is necessary to conduct the affairs of such Fund in an appropriate manner, but also may have responsibilities to other current or future investment funds managed by Webster Equity Partners or its affiliates, and it is not expected that they will devote their full business time and attention to such Fund. Consequently, conflicts of interest may arise in allocating management and employee time between such Fund and activities for Webster Equity Partners, its affiliates or their current or future managed funds or accounts. Except as provided in the partnership agreement of a Fund, Webster Equity Partners and its affiliates are not prohibited from forming, making investments on behalf of or managing other private equity investment funds or other funds or accounts, including co-investment vehicles and private investment funds that may have investment strategies or objectives that are similar to such Fund's investment strategies and objectives. The performance of a Fund could be adversely affected by the other professional commitments of the Webster Equity partners.

No Arms-Length Negotiation

The agreements and arrangements among a Fund, its General Partner, its members, Webster Equity Partners, and their affiliates have been established by such General Partner and are not the result of arm's-length negotiations.

General Partners' Interests

The capital commitment of a General Partner represents only a small portion of the applicable Fund's aggregate capital commitments. Distributions of portfolio profits to investors may be proportionally less than those corresponding to their aggregate capital commitments, and distributions of portfolio profits to a General Partner may be proportionally greater than those corresponding to its capital commitment. The right of a General Partner to its carried interest may create an incentive for such General Partner to make investments that may be more risky or speculative than otherwise.

Conflicting Interests of Investors

The investors in a Fund may have conflicting investment, tax, and other interests with respect to their investments in such Fund. The conflicting interests of individual investors in a Fund may relate to or arise from, among other things, the nature of investments made by such Fund, the structuring or the acquisition of investments, and the timing of disposition of investments. As a consequence, conflicts of interest may arise in connection with a recommendation made by Webster Equity and decisions made by a General Partner, including with respect to the nature or structuring of investments that may be more beneficial for one investor than for another investor, particularly with respect to investors' individual tax situations. In selecting and structuring investments appropriate for the partnership, Webster Equity Partners and a General Partner will consider the investment and tax objectives of the applicable Fund and their respective partners as a whole, not the investment, tax, or other objectives of any investor individually.

Formation of Successor Funds

Pursuant to the terms of the partnership agreement of a Fund, the applicable General Partner may, under certain conditions, establish additional investment funds which may be competitive with the other Funds, or other types of funds, and there can be no assurance that the creation of such additional partnerships will not give rise to conflicts of interest between the investors of the respective partnerships.

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Co-investment Opportunities

Subject to the terms of the partnership agreement of a Fund, the applicable General Partner may determine that it is desirable for any portion of an investment opportunity to be purchased by third parties (including, without limitation, investors, strategic partners, other investors, or such persons acting as finders or brokers of transactions). To the extent such General Partner determines that it is desirable for any portion of an investment opportunity to be purchased by such third parties, such opportunity need not be made available to such Fund. Alternatively, a Fund may acquire interests in certain portfolio companies in cooperation with others through co-investment arrangements. A Fund's ability to exercise significant influence over management in these cooperative efforts will depend upon the nature of the co-investment arrangement. Such investments may, under certain circumstances, involve risks not otherwise present, including the possibility that a Fund's co-investor may not be able to satisfy its financial obligations, that such co-investor might at any time have economic or business interests or goals that are inconsistent with those of such Fund, and that such co-investor may be in a position to take action contrary to the instructions or requests of such Fund or contrary to such Fund's policies or objectives. In addition, such arrangements are likely to involve additional restrictions on the resale of such Fund's interest in the portfolio company.

No investor has a right to participate in any such co-investment opportunity, subject to any side letter requirements with such investor. Decisions regarding whether and to whom to offer such co-investment opportunities are made in the sole discretion of an applicable General Partner. Such co-investment opportunities may be offered to some and not other investors of a Fund, or to third parties, in the sole discretion of its General Partner. Investors and/or third parties may purchase their interests in a portfolio company at the same time as the applicable Fund or purchase such interests from a Fund after such Fund has consummated its investment in the portfolio company (also known as a post-closing sell-down or transfer).

In exercising its discretion to allocate co-investment opportunities with respect to a particular investment to and among potential co-investors and the terms thereof, a General Partner may consider some or all of a wide range of factors, which may include, but are not limited to, the following:

- Such General Partner's evaluation of the co-investment party's level of interest in investment opportunities (including level of interest in a particular industry or type of business), and size and financial resources of the potential co-investment party;
- Such General Partner's perception of the ability of that potential co-investment party (in terms of, for example, staffing, expertise, and other resources) to efficiently and expeditiously participate in the investment opportunity with the applicable Fund without harming or otherwise prejudicing such Fund, in particular when the investment opportunity is time-sensitive in nature, as is typically the case;
- Whether such General Partner believes, in its sole discretion, that allocating investment opportunities to a potential co-investment party will help establish, recognize, strengthen and/or cultivate relationships that may provide longer-term benefits to the applicable Fund or successor funds, such General Partner or the applicable portfolio company;
- Such General Partner's evaluation of its past experiences and relationships with the potential co-investor, such as the willingness or ability of such person to respond promptly and/or affirmatively to potential investment opportunities previously offered by such General Partner;

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- Such General Partner's evaluation of whether the profile or characteristics of the potential co-investor may have a positive or negative impact on the viability, prospects or terms of the proposed investment opportunity and the ability of the applicable Fund to take advantage of such opportunity (for example, if the potential co-investment party is involved in the same industry as a target company in which such Fund wishes to invest, or if the identity of the potential co-investor, or the jurisdiction in which the potential co-investor is based, may affect the terms, structure, or cause other issues with respect to such Fund's participation in such investment opportunity);
- Such General Partner's evaluation of whether the investment opportunity may subject the target company, such Fund, or the potential co-investor to legal, tax, regulatory, contractual, reporting, public relations, media, or other burdens that make it less desirable for such co-investor to participate in a potential investment opportunity; and
- Any confidentiality concerns such General Partner may have that may arise in connection with providing the potential co-investor with specific information relating to the investment opportunity in order to permit such person or entity to evaluate the investment opportunity.

A General Partner's exercise of its discretion in allocating investment opportunities among the persons, including the applicable Fund, investors and third parties, may not, and often will not, result in proportional allocations among such persons, and such allocations may be more or less advantageous to some such persons relative to other such persons. While a General Partner will determine how to allocate investment opportunities using its best judgment, considering such factors as it deems relevant, but in its sole discretion, there can be no assurance that a Fund's actual allocation of an investment opportunity, if any, or the terms on which that allocation is made will be as favorable as they would be if the conflicts of interest to which its General Partner may be subject did not exist.

Fees and Carried Interest Payable with Respect to Co-Investments

A General Partner, the Company or their affiliates may in their discretion: (i) receive performance-based compensation (such as carried interest or performance allocations), management fees or other similar fees from co-investors and such General Partner, management company or their affiliates may make an investment, or otherwise participate, in any vehicle formed to make a co-investment to facilitate, among other things, receipt of such performance-based compensation, management fees or other similar fees; and (ii) collect customary fees in connection with actual or contemplated portfolio investments that are the subject of such co-investment arrangements. Any compensation or other fees, to the extent not allocable to a Fund (based on the share of capital for the portfolio investment in question provided by such Fund (or that was expected to be provided by such Fund) relative to the share of capital for such portfolio investment provided by all co-investors (or that was expected to be provided by such co-investors)), will not offset the management fee or any other amounts payable by such Fund and will be retained by, and be for the benefit of, an applicable General Partner, the Company or their affiliates, as applicable.

Conflicts Related to Purchases and Sales

Conflicts may arise when a Fund makes investments in conjunction with an investment being made by other Funds, or in a transaction where another Fund has already made an investment. Investment opportunities may be appropriate for Funds at the same, different or overlapping levels of a portfolio company's capital structure. Conflicts may arise in determining the terms of investments, particularly where these clients may invest in different types of securities in a single portfolio company. Questions may arise as to whether payment obligations and covenants should be enforced, modified, or waived, or whether debt should be refinanced. Decisions about what action should be taken in a troubled situation, including whether or not to enforce claims, whether or not to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any work-out or restructuring may raise conflicts of interest, particularly in Funds that have invested in different securities within the same portfolio company. If additional capital is necessary as a result of financial or other difficulties, or to finance growth or other opportunities, the Funds may or may not provide such additional capital and if provided, each applicable Fund will supply such

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additional capital in such amounts, if any, as determined by the General Partner. In addition, a conflict may arise in allocating an investment opportunity if the potential investment target could be acquired by either a Fund or a portfolio company of another Fund. Investments by more than one client of Webster Equity Partners in a portfolio company may also raise the risk of using assets of a client of Webster Equity to support positions taken by other clients of Webster Equity Partners. Employees and related persons of Webster Equity Partners and its affiliates have made or may make capital investments in or alongside certain Funds, and therefore may have additional conflicting interests in connection with these investments. There can be no assurance that the return of a Fund participating in a transaction would be equal to and not less than another Fund participating in the same transaction or that it would have been as favorable as it would have been had such conflict not existed.

A Fund may invest in opportunities that other Funds have declined, and likewise, a Fund may decline to invest in opportunities in which other Funds have invested.

From time to time the General Partner may, in its discretion, enter into transactions with investors in one or more Funds to dispose of all or a portion of certain investments held by one or more Funds. In exercising its discretion to select the purchaser(s) of such investments, Webster Equity Partners may consider some or all of the factors listed above under "Co-Investment Opportunities". The sales price for such transactions will be mutually agreed to by Webster Equity Partners and such purchaser(s); however, determinations of sales prices involve a significant degree of judgment by Webster Equity Partners. Although Webster Equity Partners is not obligated to solicit competitive bids for such sales transaction or to seek the highest available price, it will first determine that such transaction is in the best interests of the applicable Fund(s), considering the sales price and the other terms and conditions of the transaction. There can be no assurance, in light of the performance of the investment following such a transaction, that such transaction will ultimately prove to be the most profitable or advantageous course of action for the applicable Fund(s). Any such transactions will comply with the organizational documents of the applicable Fund(s).

Co-Investment by Principals

The principals of Webster Equity Partners and their affiliates may co-invest in investments by a Fund, provided that such investments are made on terms that are no more favorable than the terms upon which such Fund invests. In addition, such co-investment is permitted only after a Fund has participated in such investment to the extent judged desirable by its General Partner.

Agreements with Certain Investors

A General Partner, on its own behalf and on behalf of the applicable Fund, may enter into a side letter or similar agreement with an investor, which has the effect of establishing, supplementing, or altering the terms of the partnership agreement applicable to such Investor in a manner that is more favorable to such investor. Other investors will not benefit from the terms of such side letter or similar agreement. A General Partner will be required to disclose any side letters entered into with the investors only to those actual or potential investors that have separately negotiated with such General Partner for the right to review side letters.

Outside Statements

A General Partner and its affiliates and employees have made, and may in the future make, oral and written statements or expressions of intent or expectation to investors in such Fund or their affiliates or acknowledge statements by such persons ("Outside Statements") regarding such Fund or Webster Equity Partners' activities pertaining thereto. These may include, for example, the anticipated or expected allocation and terms of co-investment opportunities, the anticipated or expected allocation of investment opportunities to such Fund generally and other topics often addressed in legally binding side letters. Although such Other Statements are not legally binding, they may influence allocation and other decisions of a General Partner and its affiliates and employees with respect to the operations and investment activities of such Fund and may influence a prospective investor's decision as to whether to invest in such Fund. By virtue of not being

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Legally binding obligations, such as Other Statements will not be considered side letters for purposes of any “most favored nation” provisions in actual side letters of such Fund. There can be no assurance that any such arrangements will not have an adverse effect on a Fund or any of its investor.

Excluded Investment Opportunities

Certain types of investments that might be suitable for one or more Funds are excluded from the general obligation of the respective General Partners and the principals of Webster Equity Partners to offer to such Funds suitable investment opportunities. Excluded opportunities generally include those related to current portfolio holdings of prior investment funds and activities and investment opportunities related to companies for which the principals of Webster Equity Partners have fiduciary duties. This may result in certain investment opportunities that are otherwise suitable for one or more Funds not being presented to such Funds.

Exculpation and Indemnification

Certain exculpation provisions contained in the partnership agreement of a Fund may limit the rights of action otherwise available to investors against its General Partner and its affiliates, including the Company and the “Key Persons” (as defined in the applicable partnership agreement). In addition, a Fund is obligated to indemnify its General Partner and its affiliates in respect of the operations of such Fund, subject to certain limited exceptions involving willful misconduct and gross negligence. In addition, a Fund may be required to advance indemnification expenses to its General Partner and its affiliates in advance of a final determination that such parties are entitled to indemnification.

Excuse from Fund Liabilities

Certain investors may be prohibited or excused from directly or indirectly indemnifying third parties in certain circumstances. For example, U.S. state pension plans and other government plans may be prohibited by statute from entering into indemnification agreements where they would be obligated to indemnify against losses caused by particular events or circumstances or may be prohibited from entering into indemnification agreements that are not subject to a cap on liability. If a Fund incurs an expense or is subject to a liability for which it is entitled to indemnification or payment from an investor and that investor is prohibited or excused from satisfying all or a portion of its share of such obligation, then the other investors may bear a greater percentage of the costs of such obligation and/or be required to make additional capital contributions to replace such shortfall. Further, a General Partner may be required to sell assets in order to pay such expense or liability.

Advisory Board

A General Partner will appoint several investor representatives to the advisory board of such Fund (the “Advisory Board”), which has the ability to review and waive compliance with certain provisions of the partnership agreement of such Fund, including resolving potential conflicts of interest situations, and whose approval is required or may be requested in certain circumstances under the partnership agreement of such Fund. Pursuant to the terms of the partnership agreement of a Fund, all investors of such Fund are bound by the determinations of the Advisory Board, regardless of whether an investor is represented by a member of the Advisory Board. The partnership agreement of a Fund will provide that none of the Advisory Board members shall owe any fiduciary duties in connection with their participation on the Advisory Board. An Advisory Board member may consider the interests of the investor it represents over the interests of the investors of a Fund as a whole when voting or consenting to any matter submitted to the Advisory Board. Members of the Advisory Board may have conflicts of interest that do not disqualify such members from voting or consenting to matters submitted to the Advisory Board for consideration or review. In addition, members of the Advisory Board may have various business and other relationships with Webster Equity Partners and its members, partners, managers, directors, officers, employees, and affiliates, which relationships may influence their decisions as members of the Advisory Board. To the extent that an investor

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Is not represented by a member of the Advisory Board, such Investor will have no influence over matters submitted to the Advisory Board for review or approval.

Industry Relationships

As with other private equity fund sponsors, as part of Webster Equity Partners' business, Webster Equity has developed many relationships with third parties which have the potential to raise conflicts of interest. Such third parties include investment bankers, lenders, consultants, professional advisors (such as attorneys and accountants), co-investors, current and former directors, officers and employees of current and former portfolio companies and former employees and members of Webster Equity Partners. Certain of these third parties may: (i) introduce investment opportunities to Webster Equity Partners; (ii) arrange for, or facilitate the financing of, the purchase or recapitalization of current and potential portfolio companies; (iii) introduce portfolio companies to potential acquisition or merger candidates; (iv) facilitate the disposition of portfolio companies; or (v) provide investment banking, consulting, legal or advisory services to Webster Equity Partners, the Funds, or portfolio companies. Such third parties may also provide goods or services to or have business, personal, political, financial, or other relationships with the Webster Equity partners. In addition, such third parties may invest in one or more Funds; co-invest in one or more portfolio companies; or provide other significant business or investment services to Webster Equity Partners, the Funds and/or their portfolio companies. These relationships may influence a General Partner in deciding whether to select or recommend any such third party to perform services for an applicable Fund or a portfolio company. The cost of any services provided by such third parties will generally be borne directly or indirectly by a Fund or its portfolio companies, as applicable.

Follow-on Investments

Investments to finance follow-on acquisitions present conflicts of interest, including the determination of the equity component and other terms of the new financing as well as the allocation of the investment opportunities in the case of follow-on acquisitions by a Fund in a portfolio company in which another Fund has previously invested. In addition, a Fund may on occasion participate in releveraging and recapitalization transactions involving portfolio companies in which another Fund has already invested or will invest. Conflicts of interest will likely arise, including determinations of whether existing investors are being cashed out at a price that is higher or lower than market value and whether new investors are paying too high or too low a price for the company or purchasing securities with terms that are more or less favorable than the prevailing market terms.

There is no assurance that a Fund will make follow-on investments or that a Fund will have sufficient capital to make all or any of such investments and the amount of any follow-on investments after a Fund's investment period is subject to limitations in the partnership agreement of such Fund. Any decision by a Fund not to make follow-on investments or its inability to make such investments may have a substantial negative impact on a portfolio company in need of such an investment or may result in a lost opportunity for such Fund to increase its participation in a successful portfolio company. In the event a Fund does not participate in a follow-on investment opportunity and other investors provide the requested financing, such Fund's investment in the portfolio company will likely be substantially diluted.

Service Providers

Employees of Webster Equity Partners or its affiliates, and/or their family members or relatives have or may have ownership, employment, or other interests or relationships in or with service providers that provide services to the Fund. For example, a Key Person entered into a personal credit facility with Silicon Valley Bank, the subscription secured credit facility lender for a Fund. As security for the personal credit facility, the borrower pledged its economic rights, including all rights to dividends, distributions, payments, and proceeds, in Webster Equity Partners (the "Collateral") but not including any voting rights or management rights. Under the terms of the personal credit facility, the borrower will be required to make certain periodic principal and interest payments on any advances made thereunder and, in the event of default, Silicon Valley Bank may take certain actions with respect to the Collateral, including, but not limited to, foreclosing on the Collateral or seeking to enforce its

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security interest against any Collateral upon the sale of all or part of the Collateral. However, because the Collateral is limited to economic rights and not voting or managements, any action taken by Silicon Valley Bank in respect of the Collateral is not expected to impact the management or control of Webster Equity Partners by its Founding Member, David Malm, or result in David Malm not being the sole control person of Webster Equity Partners. As is the case when there exist relationships between a service provider and Webster Equity Partners or its employees, a Key Person's relationship with Silicon Valley Bank will result in conflicts of interest. The extension by Silicon Valley Bank of a personal credit facility to Key Persons may influence Webster Equity Partners' decision to recommend the retention or continuation of Silicon Valley Bank as lender to the Fund or portfolio companies instead of such decision being made solely based on what it is in the best interests of the Fund, including with respect to price or quality of service. In addition, because advances under the personal credit facility are intended to be repaid with net management fees distributed or otherwise payable by Webster Equity Partners and a default under the facility would result in a loss by the borrower of all or a portion of his economics in Webster Equity Partners, the existence of the personal credit facility will influence certain actions or decisions taken by the General Partner and Webster Equity Partners, including its Founding Member, which decisions could impact the Fund. For example, Webster Equity Partners may be incentivized to form new or larger private equity funds, including continuation vehicles and "top-up" funds, or other fee-bearing funds or accounts as way of ensuring sufficient proceeds to repay any advances and avoid default. To the extent any such other funds or accounts are raised, Webster Equity Partners, the Key Persons and other Webster Equity Partners employees may devote less than their full time and attention to the Fund and its portfolio companies and may be incentivized to allocate deals to such other funds or accounts instead of the Fund. Any such loss of time and attention or deal flow could have an adverse impact on the Fund's ability to realize its investment objective.

Other Conflicting Interests

In connection with the current and potential future activities of the General Partners and Webster Equity Partners, the interests of the General Partners and Webster Equity may conflict with the interests of the Funds and its Investors. The relationships between the Funds managed by Webster Equity Partners and the General Partners, and certain transactions, may also present actual and potential conflicts of interest. Potential conflicts of interest include, but are not limited to, the following:

- A Fund may participate in releveraging and recapitalization transactions involving portfolio companies. Recapitalization transactions present conflicts of interest, including determinations of whether existing investors are being cashed out at a price that is lower than market value and whether new investors are paying too high a price for the company or purchasing securities with terms that are less favorable than prevailing market terms.
- Legal counsel to and the auditor for a Fund may also represent any General Partner, Webster Equity Partners, and the other Funds, and their respective affiliates.

Resolution of Conflicts

A General Partner will attempt to resolve all such conflicts using its best judgment but in its sole discretion, and such General Partner nonetheless may engage in such activities and pursue such transactions actively, except as specifically restricted by the partnership agreement of the applicable Fund. By acquiring an Interest, each investor will be deemed to have acknowledged the existence of such actual and potential conflicts of interest and, to the fullest extent permitted by applicable law, to have waived any claims with respect to such conflicts of interest.

Webster Equity Partners will seek to disclose to the advisory board for a Fund any specific conflicts of interest that arise and that are considered material to investors in such Fund. Conflicts of interest will be resolved by considering the relative interests of each party (including the interests of the principals of Webster Equity Partners, the interests of a Fund and its investors, and the interests of any company to which a principal of Webster Equity Partners owes a fiduciary duty, if applicable) involved in the conflict and

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other appropriate factors, such as the benefits and burdens relating to the interests in conflict, any customary or accepted industry practices, and any applicable generally accepted accounting practices or principles.

The following organizational structure has been put in place to mitigate any conflicts of interests between and among Webster Equity Partners and its clients:

- Use of an Investment Committee for each Fund with majority vote requirements to approve investments involving other Funds;
- Financial compensation for principals of Webster Equity Partners working exclusively on a Fund is based solely on the performance of that Fund
- Veto rights of the Fund Managing Member
- Recusal by interested principals of Webster Equity Partners from investment decisions involving conflicts over investment opportunities for Fund clients
- Third-party co-investors will be brought in to support certain investments made by a Fund in support of another Fund.
- Each Fund will have an investor Advisory Board consisting of more than three investors that will need to approve all Fund investments in portfolio companies of other Webster Equity Partners funds
- Incorporation of dispute resolution often involving requirement for Webster Equity Partners and the applicable Fund to work with investor representatives to determine appropriate action in the event of a dispute or conflict situation.

Webster Equity Partners has also adopted a code of ethics that sets forth standards of ethical conduct and requires compliance with federal securities laws. The code of ethics requires all supervised persons to report personal securities holdings and transactions and obtain preapproval of certain investments. Webster Equity Partners has also adopted an insider trading policy that restricts the use and communication of material nonpublic information, and a Political Contributions Policy to comply with applicable law and to avoid the appearance of impropriety in connection with political contributions.

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Brokerage Practices

Form ADV Part 2A, Item 12

Due to the nature of the Funds as private equity funds and their respective stated investment strategies, broker-dealers are generally not involved in any material way in executing transactions on behalf of the Funds. In the event a broker-dealer is required to provide services to a Fund, the selection of such broker-dealer will be directed by its General Partner. Webster Equity Partners has advised the General Partners that not all advisers require their clients to direct brokerage and that by directing brokerage the adviser is not able to assist the Funds in achieving the most favorable execution of transactions, where applicable, and accordingly this practice may cost the Funds more money. The impact of directed brokerage is expected to be limited because of the limited nature of the use of broker-dealers in the operation of the Funds.

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Review of Accounts

Form ADV Part 2A, Item 13

For each investment, a Fund typically will have a board seat or board observation rights and will receive monthly, quarterly, and annual financial reporting packages that address operational and financial performance.

Detailed reports on portfolio company progress and financial performance will be presented annually to each Fund's advisory board and/or investment committee, as the case may be. Webster Equity Partners will assist each Fund with monitoring its investments. The metrics to be monitored vary by company based on industry but typically will include: measurements of revenue and profit margins, customer acquisition and growth, cost to acquire, customer stability and satisfaction; operating efficiencies, service measurements, such as cost per transaction and profit per transaction, product capacity, efficiency, output, quality, product mix, product line profitability, return on investment for newer initiatives, capital expenditures, retail store openings (if retail), and new product or services launched, etc.

Each Fund will furnish to its investors in writing: (i) audited financial statements to the investors annually, (ii) unaudited financial statements for the first three quarters of each fiscal year, (iii) annual tax information necessary for each investor's tax returns, and (iv) descriptive investment information for each portfolio company annually.

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Client Referrals and Other Compensation

Form ADV Part 2A, Item 14

Neither Webster Equity Partners nor any related person has any arrangements, oral or in writing, where it is paid cash by or receives some economic benefit (including commissions, equipment, or non-research services) from a non-client in connection with giving advice to clients. Webster Equity's code of ethics generally prohibits employees from accepting gifts, favors, and other inducements from counterparties or service providers. Webster Equity Partners does not compensate any person who is not a supervised person of Webster Equity Partners for client referrals.

While not a client solicitation arrangement, Webster Equity Partners may from time to time engage one or more persons to act as a promoter for a Fund in connection with the offer and sale of interests to certain potential investors. Such persons generally will receive a fee of an amount equal to a percentage of the capital commitments for interests made by such potential investors to such Fund that are subsequently accepted. Such fees are generally paid by the Adviser.

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Custody

Form ADV Part 2A, Item 15

Funds and securities of the Funds are held by a qualified custodian. Each Fund is audited at least annually by an independent public accountant registered with, and subject to regulation inspection by, the Public Company Accounting Oversight Board and each investor in a Fund receives audited financial statements within 120 days of the end of the Fund's fiscal year.

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Investment Discretion

Form ADV Part 2A, Item 16

Under the terms of each Fund's partnership agreement, the applicable General Partner will exercise final approval with respect to the selection of portfolio companies and investments for such Fund. A General Partner has, in certain instances, delegated to the applicable Fund's advisory board and/or investment committee certain responsibilities with respect to Fund investments. Webster Equity Partners will provide investment management services through a management agreement with each Fund's general partner. Pursuant to the Management Agreements, Webster Equity Partners will perform due diligence on investment opportunities, assist with negotiating the terms of each investment, advise the General Partners, advisory boards, and investment committees, as the case may be, on the selection of portfolio companies and investments for the Funds, as well as perform such other duties as are delegated to it by the General Partners.

III. Main Brochure

Voting Client Securities

Form ADV Part 2A, Item 17

Webster Equity Partners is not authorized to vote, and will not be responsible for voting, proxies with respect to any of the Funds' portfolio companies or securities.

All of the investments are in private securities and none of Webster Equity's clients hold any individual securities or mutual funds as an investment.

III. Main Brochure

Financial Information

Form ADV Part 2A, Item 18

Information required by this Item is not applicable to Webster Equity Partners.