

Snow Phipps Group, LLC
Part 2A of Form ADV
The Brochure

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This brochure provides information about the qualifications and business practices of Snow Phipps Group, LLC. If you have any questions about the contents of this brochure, please contact us at (212) 508-3300. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about Snow Phipps is also available on the SEC’s website at: www.adviserinfo.sec.gov.

We refer to ourselves as a “registered investment adviser.” Registration as an investment adviser does not imply a certain level of skill or training.

Item 2 Material Changes

Snow Phipps Group LLC (“Snow Phipps”) made routine updates and provided clarifying information in this brochure since its last update which was filed on March 31, 2022. We encourage all recipients of this brochure to read it carefully in its entirety.

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Item 4 Advisory Business

Snow Phipps Group, LLC (“Snow Phipps”, the “Firm”, “us”, “we,” and “our”) is a limited liability company formed under the laws of the state of Delaware. Snow Phipps is primarily owned and controlled by Mr. Ian Snow, the Chief Executive Officer (the “CEO”). Mr. Ogden Phipps, Mr. Alan Mantel and Mr. John Pless, each an Investment Partner (as defined below), are minority owners. Snow Phipps commenced operations in April 2005.

We provide discretionary investment advice to three private equity funds, Snow Phipps Group, L.P. and its parallel investment vehicles (“SPG, LP”), Snow Phipps II, L.P. (“SPII”), and Snow Phipps III, L.P. (“SPIII”) and their related alternative investment vehicles and special purpose vehicles (collectively, the “Funds” or “Clients”). The Funds seek significant long-term capital appreciation through private investments in middle-market companies utilizing an investment strategy that leverages the experience of senior operating executives. SPG GP, LLC is the general partner of SPG, LP, Snow Phipps GP II, LLC is the general partner of SPII, and Snow Phipps GP III, LLC is the general partner of SPIII (collectively, the “General Partners”).

Snow Phipps primarily targets companies for investment that are located in North America. Such companies generally have enterprise values ranging from \$100 million to \$500 million that require equity investments between \$50 million and \$150 million. We have occasionally led smaller and larger transactions, up to \$525 million of equity capital, with certain limited partners as co-investors. We generally focus on investments to obtain controlling positions in companies, which are achieved using leveraged acquisitions, build-ups, recapitalizations, restructurings and growth equity transactions.

TruArc Partners, LP (“TruArc”) has been established as a successor business to Snow Phipps and will also serve as a sub-adviser to SPG, LP, SPII, and SPIII. TruArc is seeking to raise TruArc Fund IV, LP and TruArc Fund IV (Parallel), LP (together with any additional parallel investment vehicles and their respective feeder vehicles and alternative investment vehicles, “Fund IV”), a successor fund to continue to execute the same investment strategy employed in SPIII. TruArc is primarily owned and controlled by Alan Mantel, Ogden Phipps, and John Pless. In addition, Mr. Ian Snow has a minority economic interest in the TruArc. Please see Items 8 and 10 below for further information regarding the Snow Phipps and TruArc relationship.

Assets Under Management

As of December 31, 2022, Snow Phipps had \$1.7 billion of Client assets under management on a discretionary basis. This includes the committed capital that may be called by the Funds from their respective limited partners. We do not manage Client assets on a non-discretionary basis.

Item 5 Fees and Compensation

Snow Phipps, and/or its affiliates, receive compensation from annual management fees and expect to receive certain other fees related to transactions, consulting, advisory and other similar fees associated with investments or proposed investments or commitments made by each Fund, fees in connection with transactions that are not completed (i.e., break-up fees), directors’ fees (including, but not limited to: cash, equity/stock, options and warrants) and/or monitoring fees from portfolio companies.

Management Fees

We currently receive an investment management fee (the “Management Fee”) from the Funds. The Management Fee payable by each Fund for an annual period are payable in two equal semi-annual installments, on each of January 15 and July 15 for the respective semi-annual periods beginning on January 1 and July 1. The Management Fee payable by SPG, LP during its commitment period was 2.0% per annum of aggregate commitments and after the commitment period, the Management Fee payable by SPG, LP was 2.0% per annum of funded commitments with respect to investments that have not been subject to a disposition. Snow Phipps is no longer charging Management Fees on SPG, LP. The Management Fee payable by SPII during the commitment period was the sum of 1.85% per annum of commitments with respect to each limited partner with a commitment of \$100 million or greater and 2% per annum of commitments with respect to each other limited partner. Thereafter, the Management Fee of SPII was reduced to 1.35% per annum of funded commitments with respect to investments that have not been subject to a disposition with respect to each limited partner with a commitment of \$100 million or greater and 1.5% of funded commitments with respect to investments that have not been subject to a disposition with respect to each other limited partner. The Management Fee payable by SPIII equals the sum of (i) with respect to each limited partner with a commitment of (a) \$150 million or greater but less than \$200 million or (b) \$100 million or greater but less than \$150 million that was admitted to SPIII as of its initial closing, 1.75% per annum of commitments with respect to such limited partner during the commitment period and thereafter, 1.35% per annum of funded commitments with respect to investments that have not been subject to a disposition, (ii) with respect to each limited partner with a commitment of \$200 million or greater, 1.75% per annum of commitments with respect to such limited partner during the commitment period and thereafter, 1.20% per annum of funded commitments with respect to investments that have not been subject to a disposition and (iii) with respect to each other limited partner, during the commitment period, 2.0% per annum of commitments with respect to such limited partner and thereafter, 1.5% per annum of funded commitments with respect to investments that have not been subject to a disposition.

Other Fees

Snow Phipps and its affiliates expect to receive transaction, consulting, advisory and other similar fees associated with investments or proposed investments or commitments made by each Fund, fees in connection with transactions that are not completed (i.e., break-up fees), directors’ fees (which may include options and warrants) and/or monitoring fees from portfolio companies. However, any directors’ fees and monitoring fees, net of related expenses, are credited 100% against the Management Fee for each Fund. Any transaction, break-up, advisory or other fees, net of expenses, are credited 65% against the Management Fee for SPG, LP and 100% against the Management Fee for each of SPII and SPIII. All fee offsets are allocated between any parallel investment vehicles and co-investors participating in the transactions or proposed transaction that gave rise to such fees on the basis of capital invested or proposed to be invested. Snow Phipps bears the economic burden of all placement fees through an offset against the Management Fee. However, any transaction, break-up, advisory or other fees received by Snow Phipps or an affiliate that are not allocable to any Fund such fees will not offset any Management Fee and Snow Phipps will receive the full benefit of such allocable portion of such fees.

If the Management Fee payable by a Fund is reduced to zero as a result of our receipt of such other fees (or because the Management Fee is no longer payable), we will refund the excess for the benefit of such Fund's limited partners.

In addition to Snow Phipps' Management Fees, each Fund will typically pay all costs and expenses relating to its operations. The expenses for each Fund are further described in the governing documents for such Fund. Expenses generally include, but are not limited to, the following:

(a) legal, auditing, consulting, fund administration and accounting fees and expenses (including costs and expenses of preparing and circulating reports to partners of such Fund, financial statements, tax returns and K-1s and any software or online data portal used in connection with such reporting); (b) investment banking, underwriting, research and expert network fees and expenses; (c) expenses of meetings of the limited partners of such Fund; (d) expenses and costs of the members of the limited partner advisory committee of such Fund (including those fees and expenses with respect to independent legal counsel retained in accordance with such Fund's governing document); (e) indemnification and insurance expenses and the costs and expenses of any litigation or other extraordinary events involving such Fund and the amount of any judgments or settlements paid in connection therewith; (f) all expenses incurred in connection with the identifying, evaluating, structuring, negotiating, making, monitoring, sale, proposed sale, other disposition or valuation of proposed or actual investments of such Fund (including, but not limited to, business development, due diligence, research, travel and lodging, and entertainment expenses related to the identification, development and management of portfolio companies and prospective portfolio companies); (g) all expenses relating to the formation and maintenance of any alternative investment vehicle or feeder vehicle; (h) interest on and fees and expenses arising out of all permitted borrowings made by such Fund and all expenses incurred in negotiating, entering into, effecting, maintaining, varying and terminating any borrowing or guarantee permitted to be incurred by such Fund's governing document; (i) all expenses relating to unconsummated transactions (including break-up fees paid by such Fund in connection therewith and such fees and expenses related to unconsummated co-investments); (j) all expenses of liquidating such Fund; (k) any domestic or foreign taxes, fees or other governmental charges levied against such Fund that are not allocable to a limited partner of such Fund and all expenses incurred in connection with any tax audit, investigation, settlement or review of such Fund that are not subject to indemnification by a limited partner of such Fund and all expenses incurred by such Fund's general partner in its capacity as such Fund's "tax matters partner" (as defined under the Internal Revenue Code of 1986, as amended) or a similar role under applicable foreign, state or local tax law; (l) communication expenses; (m) expenses incidental to the transfer, servicing and accounting for such Fund's cash and securities, including all charges of depositories and custodians; (n) expenses and costs in connection with government and regulatory filings (including, for example, those relating to the Alternative Fund Managers Directive but excluding Form ADV and Form PF); (o) expenses relating to a defaulting limited partner of such Fund; (p) expenses incurred in connection with any restructuring or amendments to the constituent documents of such Fund and related entities (excluding any restructuring or amendment (i) solely to address a change in tax treatment related to carried interest distributions or (ii) that solely benefits the general partner of such Fund, the Firm, Ian K. Snow as the "Principal" of such Fund or any of their respective affiliates or employees, which, in each case, shall be an expense of the General Partner of such Fund or the Firm) and (q) expenses incurred in connection with distributions to partners of such Fund.

In addition, Snow Phipps will be reimbursed by certain of its portfolio companies for certain expenses incurred for meals and transportation of Snow Phipps' employees that work late or on weekends with respect to such portfolio companies' respective allocable share(s) of Fund-related matters and/or portfolio company-related matters.

As part of its strategy, Snow Phipps has entered and will enter into certain strategic relationships with experienced senior industry executives ("Operating Partners") to provide certain services in connection with sourcing investments, due diligence and/or providing operating management to portfolio companies. While Operating Partners are not employees of Snow Phipps, Operating Partner arrangements have historically been formal and exclusive engagements. Operating Partners are entitled to receive cash and/or non-cash (e.g., equity) consideration for their services from the applicable portfolio companies, which consideration does not offset the Management Fee.

Neither we nor any of our "supervised persons" accept compensation for the sale of securities or other investment products.

Item 6 Performance Based Fees and Side-by-Side Management

Carried interest is a share of the net profits realized on the disposition of investments that is paid to the Funds' General Partners as an incentive to maximize performance of the Funds. The carried interest percentage is negotiated at the time each Fund is formed and is calculated and distributed in accordance with the specific provisions outlined in each Fund's limited partnership agreement. The fact that a significant portion of Snow Phipps' compensation is directly computed on the basis of profits generated by the sale/disposition of Fund assets may create an incentive for Snow Phipps to make investments on behalf of the Funds that are riskier or more speculative than would be the case in the absence of such compensation. The existence of a capital commitment by each General Partner to the Funds may reduce this incentive. Additionally, each General Partner is subject to a "clawback" of carried interest previously received to the extent that it has received cumulative distributions in excess of amounts otherwise distributable to such General Partner by such Fund as carried interest, applied on an aggregate basis covering all transactions of the applicable Fund. In no event will a General Partner of a Fund be required to restore more than the cumulative distributions received by such General Partner as carried interest on an after-tax basis.

Item 7 Types of Clients

We provide discretionary investment management services to the Funds. The eligibility and suitability requirements for each Fund are described in the applicable private placement memoranda, limited partnership agreement, and subscription agreements. The Funds only admit sophisticated investors that are "*accredited investors*," as defined in Rule 501(a) of Regulation D under the Securities Act of 1933, and "*qualified purchasers*" (or "*knowledgeable employees*"), as defined in the Investment Company Act of 1940 and the rules thereunder.

The General Partners, on behalf of the Funds, have entered into agreements ("Side Letters") with certain limited partners which provide such limited partners with additional or different rights than such limited partners have pursuant to the Fund offering documents. As a result of such Side Letters, certain limited partners have received additional rights (which may include expanded informational rights or preferential economic terms) which other limited partners have not and will not receive. The General Partners are not required to notify all limited partners of any such Side

Letters or any of the rights or terms or provisions thereof, and are not required to offer such additional or different rights or terms to all limited partners.

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

Each Fund's investment objective is to achieve significant, long-term capital appreciation primarily through middle-market (i.e., companies with enterprise values generally ranging from \$100 million to \$500 million) investments in companies in which such Fund will generally have significant influence on the management, operations and strategic direction of the business. Each Fund targets investments ranging in size from \$50 million to \$150 million, although investments may also be made outside of this range. For certain larger transactions, a Fund may seek co-investment partners. The Funds' investments are primarily in the form of controlling positions in companies achieved through leveraged acquisitions, build-ups, recapitalizations, restructurings and growth equity transactions.

Snow Phipps employs an active, "hands-on" investment strategy to enhance the long-term value of its portfolio companies. We draw upon the financial expertise and professional networks of the five investment partners (the "Investment Partners", together with our other investment professionals, the "Investment Professionals") to source, value and structure proprietary investments. In addition, Snow Phipps utilizes Operating Partners to enhance Snow Phipps' ability to identify, conduct diligence and execute investments, as well as create significant value post acquisition. Such strategy enables us to source incremental transactions through industry contacts, execute more complete due diligence processes, access industry and operational information readily and collectively develop thoughtful and thorough strategic plans prior to committing capital to portfolio companies.

Snow Phipps seeks to identify attractive sectors or sub-sectors for small to middle-market investment opportunities, particularly those that exhibit many or all of the following characteristics: (i) clear and sustainable secular growth; (ii) high barriers to competitive entry and/or restrained capital expenditure and working capital growth needs; (iii) attractive returns on assets; (iv) opportunities for niche market dominance; and (v) existence of structural changes that create investment opportunities and/or substantially improve industry economics. Additionally, we seek fragmented sectors that may provide opportunities to invest in under-managed and/or undervalued market-leading companies and improve the financial performance and strategic positioning of such companies to achieve premium valuations upon exit.

Risk Factors

Investing involves the risk of loss that limited partners in a Fund should be prepared to bear. The discussion below of risks associated with an investment in the Funds does not purport to be an exhaustive list of all such risks. Please see the Confidential Private Placement Memoranda of the Funds for a more detailed discussion of risks.

Nature of Investments. The Funds' investments are expected to include portfolio companies in which the capital structure includes significant leverage. While investments in leveraged companies offer the opportunity for capital appreciation, such investments also involve a high degree of risk.

Highly Competitive Market for Investment Opportunities. The activity of identifying, completing and realizing on attractive portfolio investments is highly competitive and involves a high degree of uncertainty, especially with respect to timing. There can be no assurance that we will be able to

identify and complete portfolio investments which satisfy the Funds' investment objectives, or realize the value of such portfolio investments, or that the Funds will be able to invest fully their commitments. The availability of investment opportunities will be subject to market conditions, the prevailing regulatory conditions or the political climate in industries and regions in which the Funds may invest and other factors outside the control of the Funds.

Proposed SEC Private Funds Regulation. The SEC has recently proposed a number of new rules and amendments to existing rules under the Investment Advisers Act of 1940 (the "Proposed Private Funds Rules") including new requirements related to quarterly statements, financial statement audits, prohibited activities and the preferential treatment of certain investors. The Proposed Private Funds Rules include a requirement for detailed quarterly disclosure to investors of private fund performance, fees and expenses (including disclosure of the compensation paid to the adviser and its affiliates) and additional portfolio investment-level disclosure. Advisers would also be prohibited from charging certain types of fees and expenses to private funds or their portfolio companies, seeking reimbursement, indemnification, exculpation, or limitation of liability related to certain actions of the adviser and allocating fees or expenses related to a portfolio investment on a non-pro rata basis among multiple private funds invested in the same portfolio investment. The Proposed Private Funds Rules would also prohibit granting certain types of preferential terms regarding redemption or information about portfolio holdings or exposures entirely (e.g., through side letters) and prohibit granting other preferential terms unless disclosed in writing to current and prospective investors. The SEC has also proposed changes to Form PF (the "Proposed Form PF Amendments") which would require advisers to private equity funds to gather and report more information regarding fund strategies, use of leverage, fund investments in different levels of a single portfolio company's capital structure, and portfolio company restructurings or recapitalizations. The Form PF Amendments would also require that advisers report certain events to the SEC within one business day of their occurrence. A separate cybersecurity rule proposal (the "Proposed Cybersecurity Rules" and together with the Proposed Private Funds Rules and the Proposed Form PF Amendments, the "Proposed Rules") would require advisers to adopt and implement formal cybersecurity policies, report significant cybersecurity incidents to the SEC, and provide enhanced disclosure of cybersecurity risks and incidents to investors.

The comment period for each of the Proposed Rules were subject to the following deadlines: (i) March 21, 2022 for the proposed Form PF Amendments, (ii) April 11, 2022 for the Proposed Cybersecurity Rules and (iii) June 13, 2022 for the Proposed Private Fund Rules. The final version of the Proposed Rules adopted by the SEC could (but is not expected to) differ significantly from the Proposed Rules. In any event, there can be no guarantee as to the content of the final versions of the Proposed Rule. If adopted as proposed, the Proposed Rules are expected to increase the cost of operating the Funds and the time and resources that the General Partners, the Management Company and Snow Phipps personnel will be required to devote to reporting and compliance matters. In addition, if adopted as proposed and without the benefit of any "grandfathering" with respect to fund arrangements in place prior to the date of such adoption, the Proposed Rules could require the General Partners to amend the Partnership Agreements and/or the Funds' investment management agreements in order to comply with the Proposed Rules, and no consent will be required from any limited partner to effect such amendments. The effect of the Proposed Rules on the Funds, the General Partners, the Management Company, Snow Phipps personnel or any of their respective affiliates could be substantial and potentially adverse.

Inflation. Inflation risk is the risk that the value of certain investments or income thereon will be worth less in the future, as inflation decreases the value of money. As inflation increases, the real value of the Funds' investments can decline. Deflation risk is the risk that prices decline over time – the opposite of inflation. Deflation could have an adverse effect on the creditworthiness of the Fund's portfolio companies and could make defaults more likely, which would result in a decline in the value of the Fund's investments.

Companies in which the Funds invests could be sensitive to general downward swings in the global economy, including periods of sustained elevated inflation. Inflation in the United States, Europe and other geographies has risen to levels not experienced in recent decades. It is difficult to determine whether these inflationary factors are transitory or should be expected to continue over the medium or long term. Inflation and rapid fluctuations in inflation rates have had and could continue to have very negative effects on the economies and securities markets (both public and private) of certain countries in which the investment opportunities could exist. There can be no assurance that high rates of inflation would not have a material adverse effect on the Fund's portfolio investments.

In addition, many world governments, as well as inter-governmental institutions, have undertaken and in some cases are still undertaking various and in some cases unprecedented forms of fiscal stimulus, including setting interest rates that are (and have been for extended periods) at historic lows. On the other hand, the U.S. Federal Reserve has recently raised certain benchmark interest rates multiple times in an effort to combat inflation and has indicated that it expects continued increases in interest rates in 2023.

Rising interest rates create downward pressure on the value of certain investments made by the Funds. Further, the Funds have faced, and could continue to face, difficulty in realizing value from investments due to sustained declines in equity market values as a result of concerns regarding interest rates. Additionally, rising interest rates, coupled with periods of significant equity and credit market volatility may potentially make it more difficult for Snow Phipps to find attractive opportunities for the Funds to exit and realize value from their existing investments.

The Funds' portfolio companies also regularly utilize the corporate debt markets to obtain financing for their operations. To the extent monetary policy, tax or other regulatory changes or difficult credit markets render such financing difficult to obtain, more expensive or otherwise less attractive, this may also negatively impact the financial results of those portfolio companies and, therefore, the investment returns on the Funds. In addition, to the extent that market conditions and/or tax or other regulatory changes make it difficult or impossible to refinance debt that is maturing in the near term, some of the Funds' portfolio companies may be unable to repay such debt at maturity and may be forced to sell assets, undergo a recapitalization or seek bankruptcy protection.

It cannot be predicted with certainty when, or how, these policies will change, but actions by the U.S. Federal Reserve and other central bankers should be expected to have a significant effect on interest rates and on the U.S. and world economies generally, which in turn could affect the performance of the Fund's investments. Such stimuli, unless successfully managed and scaled back and wound down at the appropriate time and in the appropriate amounts, together with the passing of U.S. legislation calling for historically significant amounts of government spending, run a severe

risk of being inflationary. In addition, there is significant concern in macroeconomic terms about the general levels of indebtedness carried by certain governments. While bringing with it a range of issues, one of the consequences of an extended period of a higher-than-desired level of inflation is often to erode in real terms the value of government debt in a manner that reduces the economic cost in real terms of their payment obligations on such debt. This element of debt erosion will create an incentive for governments to be less robust in seeking to deal with inflation than might otherwise have been the case had the government concerned not suffered from a high level of indebtedness. If such inflation occurs it would have the negative consequences for the Funds' investments set out above.

Further financial crises could result in additional governmental intervention in the markets, the nature and substance of which are difficult to predict. In addition, the consequences of the extensive changes to the regulation of various markets and market participants contemplated by the legislation and increased regulation arising out of the financial crisis are difficult to predict or measure with certainty.

U.S. Debt Limit. In January 2023, the outstanding debt of the U.S. reached its statutory limit and the U.S. Treasury Department commenced taking extraordinary measures to prevent the U.S. from defaulting on its obligations. If Congress does not raise the debt ceiling, the U.S. could default on its obligations, including Treasury securities that play an integral role in financial markets. A default by the U.S. could result in unprecedented market volatility and illiquidity, heightened operational risks relating to the clearance and settlement of transactions, margin and other disputes with clients and counterparties, an adverse impact to investors, downgrades in the U.S. credit rating, further increases in interest rates and borrowing costs and a recession in the U.S. or other economies. Even if the U.S. does not default, continued uncertainty relating to the debt ceiling could result in downgrades of the U.S. credit rating, which could adversely affect market conditions.

Banking. The U.S. financial services industry has recently entered into a new period of uncertainty following a number of regional bank closures and receiverships. The actual and potential consequences of these closures and receiverships include limited liquidity, defaults, non-performance and other adverse developments amongst these financial institutions, giving rise to similar liquidity constraints and adverse developments among their transactional counterparties and customers. Concerns generally about these institutions, counterparties and customers – actual or perceived – have led and may continue in the future to lead to market-wide liquidity problems.

Specifically, on March 8, 2023, Silvergate Capital Corporation announced its intent to wind down the operations of and voluntarily liquidate Silvergate Bank. On March 10, 2023, Silicon Valley Bank (“SVB”) was closed by the California Department of Financial Protection and Innovation, which appointed the U.S. Federal Deposit Insurance Corporation (“FDIC”) as receiver. On March 12, 2023, Signature Bank was also put into receivership. On March 16, 2023, a syndicate of 11 of the largest U.S. banks deposited approximately \$30 billion into First Republic Bank, which had also been experiencing liquidity constraints, due in part to a significant outflow of deposits. Although all depositors of SVB regained access to their deposits after only one business day of closure and depositors of Signature Bank generally maintained access to their deposits, including in each case funds held in uninsured deposit accounts, depositors of another financial institution that is placed into receivership may experience longer delays in accessing their funds and may suffer losses with

respect to uninsured deposits. In addition, borrowers under credit agreements, letters of credit and certain other financial instruments, a financial institution that is placed into receivership by the FDIC may be unable to or may be delayed in accessing undrawn amounts thereunder.

Accordingly, an investment into the Fund is subject to the risk that one or more banks, investment banks, brokers, hedging counterparties, lenders or other custodians of cash and other assets with whom the Fund (or one or more of its portfolio companies) does business (each, a “Financial Institution”) fail to perform their obligations or experience closure, receivership, bankruptcy or any other form of financial distress or difficulty, including insolvency (each, a “Distress Event”). Distress Events can be caused by a variety of factors, including eroding market sentiment, significant deposit withdrawals, fraud, malfeasance, poor performance or accounting irregularities. In the event a Financial Institution experiences a Distress Event, the Funds and/or its portfolio companies may not be able to access deposits, draw upon borrowing facilities or have access to other services for an extended period of time or ever. For example, if any of the Funds’ lenders were to be placed into receivership or bankruptcy, the Funds could be unable to access existing committed credit lines. In addition, if any of the Funds’ investors or other parties with whom the Fund conducts business are unable to access funds or credit lines with a Financial Institution, such parties’ ability to meet their obligations to the Funds or to enter into new arrangements requiring additional capital or payments to the Funds could be adversely affected. In this regard, counterparties to SVB credit agreements and arrangements, and third parties such as beneficiaries of letters of credit (among others), could experience direct impacts from the closure of SVB. Therefore, uncertainty remains over liquidity concerns in the broader financial services industry. Similar impacts have occurred in the past, such as during the 2008-2010 financial crisis.

Although deposits with an FDIC-insured bank are insured to applicable limits, which are generally \$250,000 per depositor and per ownership category, and securities and cash held by certain broker-dealers are insured by Securities Investor Protection Corporation (“SIPC”), amounts in excess of the relevant insurance limit are subject to risk of loss, and any non-U.S. Financial Institutions that are not subject to similar regimes pose increased risk of loss. Although in recent years governmental intervention has resulted in additional protections for depositors, there can be no assurance that governmental intervention will be attempted, and if it is, there can be no assurance that it will be successful or avoid the risk of loss, substantial delays or negative impact on banking or brokerage conditions or markets. It is also possible that there will be further involvement of governmental and other regulatory authorities in financial markets in the United States and/or around the world. The economic circumstances described above could continue or worsen in the future, and changes in general economic conditions are likely to affect the Funds’ activities, as well as those of its portfolio companies. For example, a Distress Event could have a potentially adverse effect on the ability of Snow Phipps to manage the Funds and its investments, and on the ability of Snow Phipps, the Funds and/or its portfolio companies to maintain operations, which in each case could result in significant losses and unconsummated investment acquisitions and dispositions. Such losses have the potential to include the Funds bearing additional fees and expenses in the event the Fund is not able to close a transaction (whether due to the inability to draw capital on a subscription facility provided by a Financial Institution experiencing a Distress Event, the inability or unwillingness of investors to make capital contributions or otherwise), as well the inability of the Funds to acquire or dispose of investments at prices that the General Partner believes reflect the fair value of such investments

and/or the inability of portfolio companies to fund working capital needs (e.g., payroll), fulfill obligations or maintain operations.

Snow Phipps expects to exercise contractual remedies under the agreements with Financial Institutions in the event of a Distress Event, however, there can be no assurance that such remedies will be successful, permitted under applicable law or avoid losses or delays. In addition, many Financial Institutions require, as a condition to using their services or otherwise, that its customers maintain all or a set amount or percentage of their respective accounts or assets with the Financial Institution, which heightens the risks associated with a Distress Event with respect to such Financial Institutions. Although Snow Phipps seeks to do business with Financial Institutions that it believes are creditworthy and capable of fulfilling their respective obligations to the Funds and their portfolio companies, Snow Phipps is under no obligation to use a minimum number of Financial Institutions with respect to the Funds (and/or their portfolio companies), or to maintain account balances at or below the relevant insured amounts.

General Economic Conditions. General economic conditions may affect the Funds' activities. 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 portfolio investments made by the Funds or considered for prospective investment. The Funds' portfolio investments can be expected to be sensitive to the performance of the overall economy. A negative impact on economic fundamentals and consumer confidence would likely increase market volatility and reduce liquidity, both of which could have a material adverse effect on the performance of the Funds' portfolio investments. No assurances can be given as to the effect of these events on the Funds' investment objectives.

Geopolitical Risks and Force Majeure. An unstable geopolitical climate and continued threats of terrorism could have a material effect on general economic conditions, market conditions and market liquidity. Geopolitical tensions, including the conflict between Russia and Ukraine. Russia launched a large-scale invasion of Ukraine on February 24, 2022 and in response governments in the United States and many other countries have imposed economic sanctions on certain Russian individuals, including Russian government officials and other government-linked individuals, and Russian corporate entities and financial institutions, banned certain Russian financial institutions from global payments systems that facilitate cross-border payments and have taken other economic and political measures and could also institute broader sanctions or other economic or political measures on Russia, which could result in the immediate freeze of Russian securities and/or funds invested in prohibited assets and/or other consequences. The extent and duration of the military action, the possibility of the conflict expanding beyond Ukraine and Russia and resulting sanctions and other economic or political measures and future market disruptions in the region and worldwide are impossible to predict, but could be significant and have a severe adverse effect on the region and collateral effects globally, including significant negative impacts on the global economy and the markets for certain securities and commodities, such as oil and natural gas, as well as other sectors. Such uncertainty could have an adverse effect upon the Fund's portfolio investments.

In recent years, the U.S. government has indicated its intent to alter its approach to international trade policy and in some cases to renegotiate, or potentially terminate, certain existing bilateral or multi-lateral trade agreements and treaties with foreign countries, and has made proposals and taken actions related thereto. For example, the U.S. government has imposed tariffs on certain foreign

goods, including from China. Some foreign governments, including China, have instituted retaliatory tariffs on certain U.S. goods.

There is uncertainty as to the actions that may be taken under the current administration with respect to U.S. trade policy, including with China. Further governmental actions related to the imposition of tariffs or other trade barriers or changes to international trade agreements or policies, could further increase costs, decrease margins, reduce the competitiveness of products and services offered by current and future portfolio companies and adversely affect the revenues and profitability of companies whose businesses rely on goods imported from outside of the U.S.

Additionally, a serious pandemic or a natural disaster could severely disrupt the global, national and/or regional economies. A resulting negative impact on economic fundamentals and consumer confidence may increase the risk of default of particular portfolio investments, negatively impact market value, increase market volatility and cause credit spreads to widen and reduce liquidity, all of which could have an adverse effect on the Funds' returns. No assurance can be given as to the effect of these events on the value of or markets for portfolio investments.

Outbreaks of Infectious or Contagious Diseases. Pandemics and other widespread public health emergencies have and are resulting in market volatility and disruption, and future emergencies have the potential to materially and adversely impact economic production and activity in ways that are impossible to predict, all of which could result in significant losses to the Funds.

From 2020 to 2022, in response to the COVID-19 pandemic, many countries took measures to limit the spread of the virus, including instituting quarantines or lockdowns, imposing travel restrictions and vaccination mandates for certain workers or activities and limiting operations of certain non-essential businesses. Such restrictions caused labor shortages and disrupted global supply chains, which contributed to prolonged disruption of the global economy.

The ultimate impact of COVID-19 — and the resulting precipitous decline in economic and commercial activity across nearly all of the world's largest economies — on global economic conditions, and on the operations, financial condition and performance of any particular industry or business, is impossible to predict, although ongoing and potential additional materially adverse effects are possible, including a further global or regional economic downturn (including a recession) of indeterminate duration and severity. The extent of COVID-19's impact will depend on many factors, including the ultimate duration and scope of the public health emergency and the restrictive countermeasures being undertaken, as well as the effectiveness of other governmental, legislative and financial and monetary policy interventions designed to mitigate the crisis and address its negative externalities, all of which are evolving rapidly and could have unpredictable results. Even as the spread of the COVID-19 virus itself becomes substantially contained and economies continue to "re-open," it will be difficult to assess what the longer-term impacts of an extended period of unprecedented economic dislocation and disruption will be on future macro- and micro-economic developments, the health of certain industries and businesses, and commercial and consumer behavior.

The COVID-19 crisis and any other public health emergency could have a significant adverse impact and result in significant losses to the Funds or one or more of its portfolio investments. The extent of the impact on the Funds and their portfolio investments' operational and financial performance will depend on many factors, all of which are highly uncertain and cannot be predicted, and this impact could include significant reductions in revenue and growth, unexpected operational

losses and liabilities, impairments to credit quality and reductions in the availability of capital. These same factors could limit the ability of the Funds to source, diligence and execute new investments and to manage, finance and exit investments in the future, and governmental mitigation actions could constrain or alter existing financial, legal and regulatory frameworks in ways that are adverse to the investment strategy the Funds intend to pursue, all of which could adversely affect Funds' ability to fulfill its investment objectives. They could also impair the ability of the portfolio investments or their counterparties to perform their respective obligations under debt instruments and other commercial agreements (including their ability to pay obligations as they become due), potentially leading to defaults with uncertain consequences.

The operations of the Funds, their portfolio investments, the General Partners, and Snow Phipps generally could also be significantly impacted, or even temporarily or permanently halted, as a result of future government quarantine measures, restrictions on travel and movement, remote-working requirements and other factors related to a public health emergency, including its potential adverse impact on the health of any such entity's personnel. These measures could also hinder such entities' ability to conduct their affairs and activities as they normally would, including by impairing usual communication channels and methods, hampering the performance of administrative functions such as processing payments and invoices, and diminishing their ability to make accurate and timely projections of financial performance. In addition, a widespread reoccurrence of COVID-19, or the occurrence of another pandemic or global health crisis, could increase the possibility of periods of increased restrictions on business operations, which may adversely impact our business, financial condition, results of operations, liquidity and prospects materially and exacerbate many of the other risks discussed in this "Risk Factors" section.

Illiquid and Long-Term Investments. Although a portfolio investment may generate current income, the return of capital and the realization of gains, if any, from a portfolio investment generally will most likely occur only upon the partial or complete disposition of such portfolio investment. While portfolio investments may be sold at any time, it is generally expected that the disposition of most of a Fund's portfolio investments will not occur for a number of years after such portfolio investments are made. It is unlikely that there will be a public market for the securities held by the Funds at the time of their acquisition, and such securities may require a substantial length of time to liquidate. The Funds generally will not be able to sell the securities they hold of any portfolio investment publicly unless their sale is registered under applicable securities laws, or unless an exemption from such registration requirements is available. In addition, in some cases the Funds may be prohibited or limited by contract from selling certain securities for a period of time, and as a result, may not be permitted to sell a portfolio investment at a time it might otherwise desire to do so.

Leverage. The Funds may borrow for the purpose of short-term financing, to cover shortfalls of capital contributions arising from the default of limited partners or for other purposes related to the Funds' business. We will not engage in "short selling."

Portfolio Company Management Risks. Although Snow Phipps expects to monitor the management of each portfolio company, management of each portfolio company will have day-to-day responsibility with respect to the business of such portfolio company. There can be no assurance that the existing management team of a portfolio company, or any new team, will be able to successfully operate such portfolio company or will meet a Fund's expectations. Some portfolio companies may depend for their success on the management talents and efforts of one person or a

small group of persons whose death, disability or resignation would significantly adversely affect such portfolio companies' performance.

Disposition of Private Investments. Many of the Funds' investments involve private securities, which are generally more difficult to sell than publicly traded securities, as there is often no liquid market. This lack of liquidity may result in selling such private securities at a discount. In connection with the disposition of an investment in private securities, the Funds may agree to purchase price adjustments and may be required to make representations about the business and financial affairs of the portfolio company typical of those made in connection with the sale of a business. The Funds may be obligated to fund additional capital pursuant to such purchase price adjustments and also may be required to indemnify the purchasers of such investment to the extent that any such representations turn out to be inaccurate. These transactions may ultimately yield funding obligations that must be satisfied by the limited partners to the extent of their unfunded commitments or prior distributions made to such limited partner.

Projections. The inaccuracy of certain assumptions, the failure to satisfy certain financial requirements and the occurrence of other unforeseen events could impair the ability of a portfolio company to realize projected values, outcomes and cash flow.

Control Position. Each Fund's General Partner will generally seek certain investment opportunities that allow the Funds to either acquire control or exercise influence over the management, operation and strategic direction of certain portfolio companies in which they invest. The exercise of control and/or significant influence over a company imposes additional risks of liability for regulatory non-compliance, environmental damage, product defects, failure to supervise management and other types of liability in which the limited liability generally characteristic of business operations may be ignored. The exercise of control and/or significant influence over a portfolio company could expose the assets of the Funds to claims by such portfolio company, its security holders, its creditors and its regulators. While the General Partners intend to manage the Funds in a way that will minimize exposure to these risks, the possibility of successful claims cannot be precluded.

Minority Investments. The Funds may also make minority equity investments in portfolio companies where they may have more limited influence. Such portfolio companies may have economic or business interests or goals that are inconsistent with those of the Funds and the Funds may not be in a position to limit or otherwise protect the value of their portfolio investments in such portfolio companies. The Funds' control over the investment policies of such portfolio companies may also be limited. This could result in the Funds' portfolio investments being frozen in minority positions that incur substantial losses.

In addition, if the Funds take a minority position in publicly-traded securities as a "toehold" investment, such publicly-traded securities may fluctuate in value during the limited duration of the Funds' respective investments in such securities, which could potentially reduce returns to a Fund's limited partners. Therefore, there can be no assurance that the Funds will be able to realize the value of any such investments and distribute proceeds in a timely manner. In addition, although the Funds may generally seek board representation in connection with their minority portfolio investments, there is no assurance that such representation, if sought, will be obtained.

Counterparty and Fraud Risk. The Funds will be subject to the risk of the inability of counterparties and custodians to perform with respect to transactions or to safeguard assets, whether due to insolvency, bankruptcy or other causes, which could subject the Funds to incur substantial losses. Of paramount concern in purchasing securities and other assets is the possibility of material

misrepresentation or omission on the part of a counterparty. Such inaccuracy or incompleteness may adversely affect the valuation of a portfolio company or other asset. The Funds rely upon the accuracy and completeness of representations made by counterparties to the extent reasonable and appropriate, but cannot guarantee that such representations are accurate or complete. Under certain circumstances, distributions to the Funds may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance.

Co-Investments with Third Parties. The Funds will from time to time co-invest with third parties through jointly owned acquisition vehicles, partnerships, joint ventures or other structures. In such situations, the Funds' abilities to control their equity investments will depend upon the nature of the joint investment arrangements with such partners and the Funds' relative ownership stake in such investments. The Funds may be minority investors in these circumstances. In addition, such arrangements may restrict the Funds' ability to dispose of their investments for potentially significant periods of time. Such investments may involve risks not present in investments where a third party is not involved. A co-venturer or partner of the Funds may at any time have economic or business interests or goals which are inconsistent with those of the Funds and may be in a position to take (or block) action inconsistent with the Funds' investment objectives. The Funds may be liable for certain actions of their co-venturers or partners. Co-investments may also involve higher costs than other investments. Co-venturers or partners potentially may include limited partners of the Funds and certain Fund investors.

Bridge Financing. From time to time, the Funds may lend to portfolio companies on a short-term, unsecured basis or otherwise invest on an interim basis in portfolio companies in anticipation of a future issuance of equity or long-term debt securities or other refinancing or syndication. However, for reasons not always in the Funds' control, such long-term securities issuance or other refinancing or syndication may not occur and such bridge loans and interim investments may remain outstanding. Any such loan made by the Funds involves the risk of loss of the entire amount of such loan. In addition, by making such loans, the Funds may be subject to various laws and regulations applicable to lenders and the holding of such loans could potentially subject the Funds to various "lender liability" risks. In such event, the interest rate on such loans or the terms of such interim investments may not adequately reflect the risk associated with the position taken by the Funds.

Non-U.S. Investments. The Funds may invest globally, including in portfolio companies located in emerging markets. Foreign securities involve certain risks not typically associated with investing in U.S. securities, including risks relating to: (a) currency exchange matters; (b) differences between the U.S. and foreign securities markets, including potential price volatility in and relative illiquidity of some foreign securities markets, the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements and less government supervision and regulation; (c) certain economic and political risks, potential regulations and restrictions on foreign investment and repatriation of capital, the risks of political, economic or social instability and the possibility of expropriation or confiscatory taxation; (d) foreign governmental approvals and compliance with foreign laws; (e) the possible imposition of foreign taxes on income and gains recognized with respect to such securities; (f) less developed corporate laws regarding fiduciary duties and the protection of investors and (g) rudimentary anti-fraud and insider trading regulations. The Funds' returns on their U.S. portfolio investments may not be indicative of the results they may achieve on investments located in foreign countries. There may be no prohibitions or restrictions on the ability of management to terminate existing business

operations, sell or otherwise dispose of a portfolio company's assets, or otherwise materially affect the value of the company without the consent of the company's shareholders. Anti-dilution protection also may be very limited. In these countries, the concept of fiduciary duty on the part of the management or directors of companies to shareholders may be limited. The legal systems in these countries may offer no effective means for the Funds to seek to enforce their rights or otherwise seek legal redress or to seek to enforce foreign legal judgments.

Possible Hedging Activities. Each Fund's General Partner or the Funds may, but are not required to, use certain hedging strategies in order to minimize the risk of a decrease in the value of one or more investments. The use of hedging strategies is a highly specialized activity and there can be no assurance that their use will achieve the intended result. These hedging strategies may limit the ability of the Funds to profit from the increase in the value of an investment above a certain price. While such hedging transactions may reduce certain risks, such transactions themselves may entail certain other risks, including (but not limited to) counterparty credit risk and market liquidity risk. Changes in liquidity may result in significant, rapid and unpredictable changes in the prices for derivatives. Thus, while the Funds and the portfolio companies may benefit from the use of hedging instruments, unanticipated changes in interest rates, securities prices or currency exchange rates may result in a poorer overall performance for the Funds and the portfolio companies than if they had not used those hedging instruments. In addition, if judgments made with respect to future stock prices, exchange rates, market conditions or trends are not correct, these hedging strategies could result in losses to the Funds. The Funds' hedging activities will be subject to any limitation imposed by the *de minimis* exemption under the Commodity Futures Trading Commission ("CFTC") Rule 4.13(a)(3) or any other exemption from registration under the Commodity Exchange Act applicable to the Funds at the applicable time.

Reliance on Key Personnel. The success of the Funds depends in substantial part upon the skill and expertise of the CEO and the Investment Professionals who provide investment advice with respect to the Funds. The loss of key personnel could have a material adverse effect on the Funds' abilities to realize their investment objectives.

Board Participation. The Funds may be represented on the boards of directors of certain portfolio companies or may have their representatives serve as observers to such boards of directors. Although such positions in certain circumstances may be important to the Funds' investment strategies and may enhance the General Partners' and Snow Phipps' ability to manage the portfolio investments, they may also have the effect of impairing the General Partners' ability to sell the related securities when, and upon the terms they may otherwise desire, and may subject the General Partners, Snow Phipps, the Funds and others to claims they would not otherwise be subject to as an investor, including claims of breach of fiduciary duties, violations of securities laws and other related claims. In general, the General Partners and Snow Phipps will be entitled to indemnification by the Funds for such claims, subject to limited exceptions.

Cybersecurity Risk. The Firm, each General Partner, each Fund's service providers and other market participants increasingly depend on complex information technology and communications systems to conduct business functions. These systems are subject to a number of different threats or risks that could adversely affect a Fund and its investors, despite the efforts of the Firm and service providers to adopt technologies, processes and practices intended to mitigate these risks and protect the security of their computer systems, software, networks and other technology assets, as well as the confidentiality, integrity and availability of information belonging to such Fund and its investors. For example, unauthorized third parties may attempt to improperly access, modify,

disrupt the operations of, or prevent access to these systems of the Firm, the General Partners, a Fund's service providers, counterparties or data within these systems. Third parties may also attempt to fraudulently induce employees, customers, third-party service providers or other users of the Firm's systems to disclose sensitive information in order to gain access to the Firm's data or that of a Fund's investors. A successful penetration or circumvention of the security of the Firm's systems could result in the loss or theft of an investor's data or funds, the inability to access electronic systems, loss or theft of proprietary information or corporate data, physical damage to a computer or network system or costs associated with system repairs. Such incidents could cause a Fund, the Firm or their service providers to incur regulatory penalties, reputational damage, additional compliance costs or financial loss.

Valuations by the General Partner. The General Partner's determination of the fair value of a portfolio investment may impact the calculation of the Management Fee (in respect of the period following the commitment period or the commencement of investing on behalf of an additional fund) and carried interest to the extent such valuation would result in a writedown, which could incentivize the General Partner to refrain from writing down portfolio investments. The foregoing is mitigated by the fact that, annually, the valuations of the Funds' portfolio investments are sent to the limited partner advisory committee which has the opportunity to object to such valuations and are reviewed by the Funds' independent public auditors in connection with their annual audit of the Funds.

ESG Considerations. Snow Phipps will take into account environmental, social and governance ("ESG") factors in the sourcing, investigating, identifying, researching, evaluating, developing, initiating, negotiating, structuring, making, acquiring, closing, consummating, holding, monitoring, maintaining, financing, refinancing, pledging, restructuring or otherwise disposing of portfolio investments. Snow Phipps believes that responsible ESG investing enhances the long-term value of portfolio investments and is an important element of responsible investing. There are no universally accepted ESG standards and not all investors agree on the appropriate ESG standards to apply in a particular situation. Snow Phipps will apply ESG standards and considerations in its sole discretion. In either case, an adverse impact on the results of the Funds' portfolio investments cannot be excluded.

Snow Phipps and TruArc Personnel. Snow Phipps, the General Partners, the personnel, and other related parties will have conflicts of interest in allocating their time and services among Snow Phipps and TruArc's various business activities. For example, all or substantially all, of TruArc's personnel currently work and will continue to work on other projects, including existing and future investment vehicles (including, for this purpose, SPG, LP, SPII, and SPIII), the investments of the Funds, and TruArc's other existing and potential business activities. Key personnel including investment staff and back-office personnel will be shared between Snow Phipps and TruArc as part of a sub-advisory agreement. In addition, such personnel will participate in the management of the investment activities of such existing and future investment vehicles concurrently with their obligations to Snow Phipps, the General Partners, and the Funds. It is possible that the investments held by such current or future investment vehicles could be in competition with or otherwise conflict with those of the Funds. See Item 10 below for further information.

Conflicts of interest will also arise when TruArc personnel serve as directors of, or in similar governance roles for, any of the portfolio companies. In those instances where the Funds are not

the sole shareholder of the applicable portfolio company, in addition to any duties such persons owe to the Funds, if any, as directors of or in similar governance roles for portfolio companies, such persons should be expected to owe fiduciary duties to the other shareholders of such portfolio companies, which could be other current or future investment vehicles. In general, such positions are often important to the Funds' investment strategy and could have the effect of enhancing the ability of Snow Phipps or other related parties to manage investments. However, such positions could also have the effect of impairing the ability of Snow Phipps or other related parties to cause the Funds to sell the related securities when, and upon the terms, it otherwise desires. In addition, such positions could place TruArc personnel in a position where they must make a decision that is either not in the best interest of the Funds or not in the best interest of the other shareholders of the portfolio company—for example, in situations involving bankruptcy or the near-insolvency of a portfolio company, actions that may be in the best interest of the portfolio company may not be in the best interest of the Funds, and vice versa. Should such personnel make a decision that is not in the best interest of the other shareholders of a portfolio company, such decision could subject Snow Phipps, other related parties, and the Funds to claims that they would not otherwise be subject to as an investor, including claims of breach of the duty of loyalty, securities claims and other director-related claims.

Item 9 Disciplinary Information

Snow Phipps and its employees have not been involved in any legal or disciplinary events that would be material to a Client's evaluation of the company or its personnel. In connection with litigation filed against portfolio companies, certain Snow Phipps professionals could be named as co-defendants in their capacities as directors of portfolio companies.

Item 10 Other Financial Industry Activities and Affiliations

Ongoing Relationship with TruArc

As previously described, Snow Phipps has an ongoing relationship with TruArc. TruArc has been established as a successor business to Snow Phipps and provides advisory services to new pooled investment vehicles. In addition, TruArc is a sub-adviser to the Snow Phipps Funds. TruArc is a registered investment adviser. Mr. Ian Snow, CEO and co-founding Partner of Snow Phipps, is a "Senior Advisor" to TruArc and a member of the Firm's investment committee alongside TruArc's principals and other investment team members. In addition, Mr. Snow owns a minority economic interest in TruArc and any of its affiliated General Partner(s) and, in such capacity, (a) is entitled to receive (i) a portion of the net profits of TruArc over a predetermined period of time and (ii) in exchange for making a capital commitment to the General Partner, carried interest distributions made from future funds with respect to a predetermined amount of assets under management and (b) possesses certain minority protection rights in connection with such interest, including certain limitations on the basis of his removal from the Firm's investment committee, economic protections such as anti-dilution rights and consent rights in respect of certain material actions by TruArc, such as (by way of example only) the incurrence of extraordinary expenses or debt by the Firm, or entry into certain new business lines. The ongoing relationship between Snow Phipps and TruArc, includes but is not limited to, a sub-advisory agreement under which investment and back-office personnel and expenses are shared between the two firms.

Exemptions from Certain Regulatory Restrictions

Snow Phipps is not registered, nor do we have an application pending to register as a broker-dealer or a registered representative of a broker-dealer. We are also not registered, nor do we have any application pending to register, as a futures commission merchant.

Snow Phipps GP III, LLC filed for an exemption from registration as a commodity pool operator in accordance with the CFTC Rule 4.13(a)(3). Snow Phipps has filed for an exemption from registration as a commodity trading advisor in accordance with CFTC Rule 4.14(a)(8).

Each General Partner formed for the Snow Phipps Funds are under common control with us.

See *Conflicts of Interest* in Item 11 below.

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

Snow Phipps and TruArc have adopted a written Code of Ethics (“Code”) which is included as a part of its “Compliance Manual” and which (along with any amendments) is provided to each employee. Both the Code and the Compliance Manual apply to employees of both Snow Phipps and TruArc as both entities are subject to the same compliance program. Our Code requires all of our employees to (i) act with competence, dignity, integrity and in an ethical manner in all dealings on our behalf, (ii) use reasonable care and exercise independent professional judgment in the execution of their duties and (iii) avoid actions or relationships that might conflict, or appear to conflict, with job responsibilities or the interests of Snow Phipps and its Clients. Our Code also contains policies and procedures that ensure that all personal securities trading by employees are conducted in such a manner as to avoid actual or potential conflicts of interest or any abuse of an individual’s position of trust and responsibility. We prohibit personal trading on certain securities or instruments; require pre-clearance before purchasing an IPO or limited offering (i.e., private placement); and require periodic reporting of employees’ personal securities transactions and all holdings. We require prompt internal reporting of Code violations.

Snow Phipps will provide a copy of the Code to any Client or prospective Client upon request.

Conflicts of Interest

The discussion below of conflicts of interest associated with an investment in the Funds does not purport to be an exhaustive list of all such conflicts. Please see the Confidential Private Placement Memoranda of the Funds for a more detailed discussion of conflicts.

Participation or Interest in Client Transactions. Snow Phipps, and an affiliated entity, serves as the investment adviser and General Partner, respectively, to the Funds. Each Fund’s General Partner has an investment in such Fund. Therefore, Snow Phipps may be considered to participate indirectly in transactions effected for those Clients. The foregoing relationships, fees, and any other actual or potential conflicts of interest arising therefrom are disclosed in the Funds’ respective offering documents.

Snow Phipps and its affiliates expect to receive certain transaction, consulting, advisory, director or board compensation, and other similar fees associated with investments or proposed investments or commitments made by the Funds. All or a portion of such fees (for the avoidance of doubt, other

than certain fees paid to Operating Partners) generally offset the Management Fee otherwise payable by the Funds.

Allocation of Investment Opportunities. In general, investment opportunities are not allocated among the Funds. The Funds' respective limited partnership agreements set forth terms with respect to the allocation of investment opportunities. Generally, based on such limited partnership agreements, from the date of the closing of a Fund, until the expiration of the commitment period of such Fund, Snow Phipps will allocate investment opportunities (other than follow-on investment opportunities related to investments of a prior Fund) that are within the scope of such Fund's investment objectives and are in a specified amount solely to such Fund before being offered to any other Fund. In the event that a closing on behalf of a new Fund occurs prior to the expiration of the commitment period of an existing Fund, Snow Phipps will allocate those investment opportunities that meet the investment objectives of both Funds on a basis which it believes is fair and equitable, and in certain cases will obtain the approval of a Fund's limited partner advisory committee with respect to such allocation. Snow Phipps maintains records of those instances where Snow Phipps allocates investment opportunities between or among Funds and the methodology of such allocation.

TruArc and its affiliated General Partner intend to allocate investment opportunities that meet the investment objectives of SPIII and TruArc Fund IV ("Fund IV") on a basis which TruArc's affiliated General Partner believes is fair and equitable; provided, however, that the General Partner will obtain the approval of the limited partner advisory committee with respect to the relevant terms of the investment by Fund IV in any portfolio company in which SPIII is contributing more than 50% of the aggregate amount of capital invested or committed to be invested by SPIII and Fund IV at the time of such investment and (b) with respect to any additional fund for which an initial closing of investors has been held prior to the expiration of the commitment period.

Co-Investment Opportunities. Where possible and appropriate, the General Partners may, but will be under no obligation to, provide co-investment opportunities to certain limited partners of the Funds before making such opportunities available to third parties. In respect of third parties, the General Partners may offer such co-investment opportunities to individuals, including certain existing investors, whom the General Partners believe will add value to the Funds' or the applicable portfolio company's activities, including, without limitation, Operating Partners, lenders, placement agents, underwriters and purchasers of debt, equity and equity related securities of portfolio companies and other persons with whom the Firm has a relationship. Decisions regarding whether and to whom to offer co-investment opportunities are made at the sole discretion of the General Partners and may be offered to some and not other limited partners of the Funds with allocations that may differ from their proportionate investments in the Funds and may be based on a number of factors, including, without limitation, a Fund limited partner's expressed interest in co-investments, the size of such Fund limited partner's capital commitment, and the General Partners' assessment of such Fund limited partner's ability to both fund and timely execute such co-investment. In light of the foregoing, no Fund limited partner should have any expectation of receiving co-investment opportunities.

Co-investors will typically bear their *pro rata* share of fees, costs and expenses related to the discovery, investigation, development, acquisition or consummation, ownership, maintenance, monitoring, hedging and disposition of their co-investments and may be required to pay their *pro rata* share of fees, costs and expenses related to potential investments that are not consummated, such as breakup fees or broken deal expenses. Although Snow Phipps endeavors to allocate such

fees, costs and expenses on a fair and equitable basis, there can be no assurance that such fees, costs and expenses will in all cases be allocated as described above. In addition, co-investors may not agree to pay or otherwise bear fees, costs and expenses related to unconsummated co-investments (and in certain circumstances, co-investors may not bear such fees, costs and expenses because they have not been identified as of the time such potential investment ceases to be pursued). In such event, such fees, costs and expenses will be considered operating expenses of and be borne by the applicable Fund.

Access to Insider Information. As a result of participation by representatives of the Firm on boards of certain companies, and/or as a result of confidentiality agreements or non-disclosure agreements entered into by the Funds or the Firm, the Funds expect to acquire confidential or material, non-public information or be restricted from initiating transactions in certain securities. The Funds will not be free to act upon any such information and such information may serve to restrict the Funds in their investment activities. Due to these restrictions, the Funds may not be able to initiate a transaction that they otherwise might have initiated and may not be able to sell a portfolio investment that they otherwise might have sold. The Firm expects such possession of material, non-public information to create a conflict of interest between the representatives' and the Firm's duties and obligations to the companies on whose boards these representatives participate and the Funds' abilities to effect purchases and sales of the securities of such companies. Inadvertent trading on material non-public information could have adverse effects on the Firm's reputation, result in the imposition of regulatory or financial sanctions, and as a consequence, negatively impact the Firm's ability to perform its investment management services on behalf of the Funds; provided that the foregoing is mitigated by the fact that the Firm maintains the Code, which limits its employees' ability to engage in personal trading and allow the Firm to monitor such activity.

Fund Expenses. Certain expenses of the Funds, the General Partners or the Firm incurred in connection with the structuring, negotiating, making, monitoring, sale, proposed sale or other disposition of portfolio investments may be borne by one or more portfolio companies and, as such, shall not be paid by the General Partners or the Firm or paid or reimbursed by the Funds.

Service Providers. The Funds' service providers (including, without limitation, deal generators, introducers, lenders, brokers, attorneys and outside directors) may be investors in the Funds or a successor fund and/or sources of investment opportunities therefor and counterparties therewith. This may influence the General Partners in deciding whether to select such a service provider or have other relationships with such party. Notwithstanding the foregoing, a General Partner will only select a service provider to the extent it determines that doing so is in the best interests of the applicable Fund given all surrounding facts and circumstances and is consistent with such General Partner's responsibilities under applicable law.

In addition, the Firm and one or more portfolio companies will engage common service providers. In such circumstances, there will be a conflict of interest between the Firm, on the one hand, and the Funds and the applicable portfolio companies, on the other hand, in determining whether to engage such service providers, including the possibility that the Firm would favor the engagement or continued engagement of such persons if it receives a benefit from such service providers, such as lower fees, that it would not receive absent the engagement of such service provider by the Funds and/or the portfolio companies. The Firm may from time to time receive a discount on services provided to it by such a common service provider even though the Funds and/or one or more portfolio companies receive a lesser, or no, discount. In addition, different portfolio companies may receive different levels of discounts.

Principal Transactions. We do not anticipate entering into principal transactions, where we or any of our affiliates purchase or sell any security for our own account from or to the account of any Fund. In the event that we (or our affiliate) engage in a principal transaction, we will obtain the approval of the applicable Fund's limited partner advisory committee.

Cross Transactions. We are not affiliated with a registered broker-dealer and as such cannot engage in agency cross transactions. While unlikely, we may engage in a cross transaction, where one Client purchases or sells any security for its own account from or to the account of another Client. In the event of a cross transaction, we will obtain any required Client approvals, including that of a Fund's limited partner advisory committee in accordance with the terms of such Fund's limited partnership agreement.

Valuation. Snow Phipps is not generally required to mark-to-market or value Fund investments for purposes of determining its advisory fees or otherwise. However, the limited partnership agreements of the Funds require that Snow Phipps determine the fair value of a Fund investment to the extent it would result in a write-down which would impact the calculation of Snow Phipps' (or its affiliate's) Management Fee or carried interest. Snow Phipps has a valuation committee consisting of the CEO, Investment Partners, the Chief Financial Officer, and applicable Investment Professionals with specific knowledge of the portfolio company (when appropriate) and/or their respective delegates, which is responsible for overseeing and approving all assessments of the fair value of Fund assets. The valuation committee is also responsible for ensuring that all such valuations are performed in accordance with Snow Phipps' valuation policies.

Item 12 Brokerage Practices

We do not make regular use of brokers for the purposes of purchasing or selling securities on behalf of the Funds because the securities that we typically purchase or sell on behalf of the Funds are acquired and/or disposed of in privately negotiated purchase and sale transactions.

From time to time, we may use a broker to effect transactions in public securities resulting from, or in connection with portfolio investments. In those instances, we have full discretionary authority with respect to the selection of, and the commissions paid to, brokers. If we determine to engage a broker, we will select the broker considering the range and quality of its brokerage services, its execution capability, commission rate, financial responsibility and responsiveness to us, and the value to us of research provided, if any. In order to minimize execution costs and obtain best execution for all Funds, we may aggregate orders for multiple Funds, as long as aggregating would be in the best interests of each participating Fund.

Snow Phipps does not currently utilize any soft dollar benefits or Client referrals from broker-dealers in connection with Client transactions.

Item 13 Review of Accounts

Generally, each week, the investment professionals review all transactions on the active pipeline report, including investments in various stages of diligence and portfolio companies. These meetings are designed to be highly interactive and cover all aspects of ongoing transactions. The group discussions tap into the collective knowledge of the Firm's professionals, allowing each deal team to contribute to, and benefit from, these meetings. With respect to transactions in process, the

investment professionals discuss due diligence findings, potential transaction structures, industry dynamics and competitive landscapes. In addition, non-binding letters of intent are discussed and reviewed in detail. With respect to active portfolio companies, the relevant deal team discusses recent company developments. The investment committee provides final approval for transactions after the completion of due diligence, transaction documentation and receipt of financial commitments from financing sources.

Snow Phipps reviews all investments on an ongoing basis. Investors receive unaudited quarterly financial statements, audited annual financial statements and annual tax information for the completion of income tax returns. Investors also receive as part of the quarterly package portfolio company reviews. The fund administrator provides accounting (including maintaining limited partner capital accounts), administrative and tax services, including any alternative investment vehicles, parallel investment vehicles and holdings vehicles, to the extent applicable.

Item 14 Client Referrals and Other Compensation

We sponsor the formation of each Fund and we do not engage or compensate third party referral agents to solicit new Clients for us. However, Snow Phipps may periodically engage third party placement agents (i.e., solicitors) to introduce prospective investors to the Funds. The fees and expenses of any third-party placement agents will be paid by the Funds, but will be reimbursed by Snow Phipps by offsetting its Management Fees.

Item 15 Custody

All cash and any applicable publicly traded securities for the Funds are held in custody by unaffiliated broker/dealers or banks. Snow Phipps maintains custody of certain privately issued securities in accordance with the SEC's guidance for private securities. However, Snow Phipps has access to Client accounts since it or an affiliate serves as a General Partner of the Funds. The Funds are subject to an annual audit by an independent public accountant that is registered with and periodically inspected by the Public Company Accounting Oversight Board ("PCAOB"). Limited partners in each Fund are provided with annual audited financial statements, prepared in accordance with U.S. GAAP, within 120 days of such Fund's fiscal year end.

Item 16 Investment Discretion

As discussed above, we provide discretionary investment advice to the Funds pursuant to an investment management agreement with each Fund. Each such investment management agreement, together with the management authority granted to the General Partners of the Funds pursuant to the Funds' limited partnership agreements, provides Snow Phipps with full discretion to determine investments to be purchased and sold on behalf of each Fund and the terms of the related transaction. Limitations on investment discretion are set forth in the investment management agreements with, and the limited partnership agreements of, the Funds.

Item 17 Voting Client Securities

While the securities evidencing the private equity investments made by the Funds are not typically

the subject of proxies, there could be certain circumstances where Snow Phipps, having discretionary authority over the accounts of the Funds, may be asked to vote the securities of such Funds on restructuring or other corporate matters. Snow Phipps will seek to ensure that a record of each securities position held by each Fund is maintained and, where any such vote is to occur, Snow Phipps will seek to ensure that it receives all relevant information, disclosure materials and such proxies or consents as are necessary for Snow Phipps to cast votes in a timely manner.

Snow Phipps will also determine where there is, or appears to be, a material conflict of interest that could influence the voting decision in a manner that would be adverse to the interests of a Fund. If Snow Phipps determines that there is no material conflict of interests, then we will make the voting determination and take the required voting action. If Snow Phipps determines that, due to a conflict of interests, Snow Phipps is not capable of making an independent determination as to the voting decision then the voting decision will be that recommended by the applicable limited partner advisory committee.

The Funds may not direct Snow Phipps' vote in a particular solicitation. Each Fund is controlled by its General Partner (a Snow Phipps affiliate) and, as such, each Fund is aware of how it voted with respect to its securities.

A copy of the proxy voting policy and voting records will be provided to any Client and prospective Client upon request.

Item 18 Financial Information

Snow Phipps has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage Client accounts.

Item 19 Requirements for State-registered Advisers

Not applicable.