

## **PART 2A OF FORM ADV**

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**This ADV Part 2A (or “Brochure”), provides information about the qualifications and business practices of P2 Capital Partners, LLC and its affiliates (collectively “P2”). If you have any questions about the contents of this Brochure, please contact P2 at (212) 508-5500. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.**

Additional information about P2 is also available on the SEC’s website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

P2 is registered as an investment adviser with the SEC under the Investment Advisers Act of 1940 (the “Advisers Act”). Registration as an investment adviser with the SEC does not imply a certain level of skill or training.

**Item 2: Material Changes**

There have been no material changes since the last annual update of the Brochure, which was dated March 31, 2022.

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## **Item 4: Advisory Business**

### *General*

P2 was founded by Claus Moller, P2's managing member, and began investing in 2007. P2 has offices in New York, New York.

### *Fund Structure*

P2 provides discretionary investment advisory services to pooled investment vehicles and single-investor funds (each a "Private Fund" and collectively, the "Private Funds"). The Private Funds are generally organized as Delaware limited partnerships, Cayman Islands exempted limited partnerships and Cayman Islands exempted companies. The Private Funds generally conduct their trading activities either directly on their own or through a master-feeder structure. In a master-feeder structure, each feeder fund contributes its investible assets to the master fund and participates on a pro rata basis in the profits, losses and expenses of the master fund, based on the respective capital account balances of all Private Funds investing through the master fund. An affiliate of P2 serves as the general partner or manager of each domestic Private Fund and Cayman Islands master fund. Currently, the entities serving as general partners are: P2 Capital GP, LLC; P2 Capital GP IV, LLC; and P2 Capital GP XIII, LLC (collectively referred to as the "P2 Fund GPs").

Within the Private Funds, P2 has a number of partnerships and/or share classes that were formed to accommodate specific large institutional investors with particular investment requirements and restrictions. In addition, the Private Funds and/or P2 are authorized, without the approval of any investor, to enter into "side letters" or similar written agreements with investors that have the effect of establishing rights under, or altering or supplementing the terms of each Private Funds' Confidential Offering Material; which may include a Confidential Offering Memorandum, Limited Partnership Agreement, Limited Liability Company Agreement and Investment Management Agreement (collectively referred to as the "COM"). The ability of other investors to elect to receive the benefit of such side agreements may be limited. Further, within the Private Funds, P2 has established certain partnerships through which certain investors may invest alongside one or more of the Private Funds for a particular public or private investment opportunity. These opportunities are typically only offered to certain limited partners, and generally provide such limited partners the ability to increase exposure to certain positions held by one or more of the Private Funds and/or provide P2 with the opportunity to outsize investments without distorting the overall risk/return profile of such Private Funds via excess concentration in one or more positions held by such Private Funds.

Since P2 does not provide individualized advice to the investors in the Private Funds, investors must consider whether a particular Private Fund meets their investment objectives and risk tolerance prior to investing. Information about each Private Fund can be found in its COM.

### *Advisory Services*

P2 manages the Private Funds under one main strategy: P2 seeks to generate significant capital appreciation by making strategic equity investments in primarily small capitalization ("small cap") public and private companies. P2's strategic equity investment style applies a private equity approach to investing in the public market. Specifically, P2 pursues a research intensive, concentrated, value-oriented, long-term, active and management-friendly investment style.

As of December 31, 2022, P2 managed approximately \$1,274,800,000, all on a discretionary basis.

## **Item 5: Fees and Compensation**

### *Adviser Compensation*

P2 is compensated for providing services to the Private Funds as established in each Private Fund's COM. The compensation includes both management fees and performance-based fees, which are negotiated on a fund-by-fund basis. P2 and/or the P2 Fund GPs have the authority to deduct management and performance-based fees from the assets of the Private Funds and to authorize the payment of other fees/expenses to third-parties from the assets of the Private Funds.

Management fees generally range from 1.0% to 2.0% (depending on the particular Private Fund and the particular class of limited partnership interests or shares that an underlying investor has invested in) calculated on the investor's capital account balance as of the end of the specified fee period. Generally, management fees are paid either quarterly in arrears or quarterly in advance (less than six months in advance). For the Private Funds that pay in advance, the Private Fund documents provide that, upon termination, P2 will refund all management and other fees for which services have not been rendered.

Each of the Private Fund agreements provides for the allocation of performance-based fees in the form of profit allocations to the relevant P2 Fund GP as carried interest. The Private Funds generally have a profit allocation ranging from 10% to 20% (depending on the particular Private Fund and the particular class of limited partnership interests or shares that an underlying investor has invested in) of the net profits attributable to each investor, which is paid to the P2 Fund GP of the Private Funds either at the end of the specified fee period or upon withdrawal of capital. For withdrawals, the profit allocation only applies with respect to the amount of capital withdrawn.

The profit allocation is calculated as specified in each Private Fund's COM. Depending on the particular Private Fund (and the different investor classes, as available for a particular Private Fund), high water marks, hurdle rates and preferred returns may apply to the profit allocation. P2's performance fee is charged in compliance with Rule 205-3 under the Advisers Act. Although the Private Funds have different fee structures, P2 avoids the potential conflict of favoring those with higher overall fee structures by adhering to investment allocation procedures that promote the fair and equitable treatment of investment allocations over time.

### *Allocation of Fees and Expenses*

In addition to P2's management and performance-based fees, the Private Fund investors will bear various other fees and expenses charged to the Private Funds. Those fees will vary, but typically include fees such as brokerage (see "Item 12" of this Brochure for more information and details regarding P2's brokerage practices), custodial and administration fees, directors fees, commissions and related costs, interest costs, insurance costs, legal fees, accounting, audit and tax preparation fees, taxes, costs associated with reporting and providing information to existing or prospective investors, investment and investment-related expenses, including research expenses, travel expenses, third-party valuation expenses and transaction and due diligence expenses (whether or not the transaction or investment is consummated). Some of these expenses, such as expenses in connection with a portfolio investment or proposed portfolio investment, are shared among the Private Funds, and in such case, are allocated to the Private Funds based on their pro rata share of these costs, at the sole discretion of P2. P2 is authorized to incur these expenses on behalf of the Private Funds; when this occurs, the respective Private Funds reimburse P2 in the amount of such expenses.

Generally, P2 deducts management fees, performance fees and other fees and expenses from the Private Funds by instructing the Private Fund's administrator to do so.

Prospective and existing investors in the Private Funds are advised to review the applicable Private Fund COM for a more extensive description of the fees and expenses associated with an investment in the Private Funds.

Certain investors in the Private Funds, which are generally employees of P2, may not pay management and/or performance-based fees on their investment in the Private Funds. Notwithstanding this exception, such investors do pay their pro rata share of all other Private Fund expenses.

P2 also receives certain fees in connection with its private equity investments. These fees are allocated to the Private Funds based on each Private Fund's operating agreements with P2 and are generally used to offset management fees, as more fully described in each Private Fund's COM.

#### **Item 6: Performance-Based Fees and Side-by-Side Management**

P2 or the relevant P2 Fund GP receives performance-based fees on a share of capital gains on or capital appreciation of the assets of a Private Fund. In addition, in certain Private Funds, P2 or the relevant P2 Fund GP receives performance-based fees on outperformance relative to a specific benchmark.

Performance-based fee arrangements may create an incentive for P2's employees to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee arrangements may also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. However, this conflict is mitigated by P2's allocation policy, pursuant to which P2 considers each participating Private Fund's size, diversification, cash availability, investment objectives and any other relevant factors. P2's investment allocations are designed to provide a fair allocation of purchases and sales of securities among the various Private Funds managed by P2, while preserving incentives for P2 to find new investment opportunities, and to ensure compliance with appropriate regulatory requirements. P2 will, to the best of its ability, conduct itself in a manner it considers to be the most fair and consistent with its fiduciary obligations to all of its advisory clients.

In addition, the investors in the Private Funds may have conflicting investment, tax and other interests with respect to their investments in a Private Fund. As a consequence, conflicts of interest may arise in connection with decisions made by P2 and its related entities, including with respect to the nature or structuring of portfolio investments, which may be more beneficial for one investor than for another investor in a particular Private Fund, especially with respect to an investor's individual tax situation. In selecting and structuring portfolio investments appropriate for the Private Funds, P2 and its related entities will consider the investment and tax objectives of the Private Funds and its investors as a whole, not the investment, tax or other objectives of any Private Fund or investor individually. P2 will always place the interests of the Private Funds above any interests of its own.

#### **Item 7: Types of Clients**

As described in Item 4 above, P2's sole clients are the Private Funds. Limited partners and shareholders in the Private Funds are generally required to make a minimum investment in such Private Fund, as set forth in each Private Fund's COM. However, these minimum requirements may be waived in the discretion of P2 or the applicable P2 Fund GP of the Private Fund. Interests in the Private Funds may be purchased only by investors that are "qualified purchasers" for purposes of section 3(c)(7) of the Investment Company Act of 1940, as amended.

Investors in the Private Funds include corporate and state pension plans, trusts, endowments, foundations, charitable organizations, corporations, limited partnerships, limited liability companies, high-net-worth individuals and employees.

## **Item 8: Methods of Analysis, Investment Strategies and Risk of Loss**

### *Methods of Analysis and Investment Strategies*

P2 takes a private equity approach to investing in the small cap public market. P2 pursues a research intensive, concentrated, long-term, value-oriented, active and management-friendly investment style. P2 seeks to invest in companies with high business quality, attractive valuations and significant value-added opportunities. P2 manages a concentrated portfolio of significant ownership stakes in small cap companies. Where appropriate, P2 will also lead private equity investments such as going-private leveraged buyouts sourced from the Private Funds' public portfolio. P2's investment strategy is described in greater detail in each Private Fund's COM.

### *Certain Risks Relating to the Investment Strategies of the Private Funds*

P2's investment program is speculative and entails substantial risks. There can be no assurance that the investment objectives will be achieved. Investment techniques that P2 may employ from time to time can, in certain circumstances, present substantial risks to investors in the Private Funds. Prospective Private Fund investors are advised to review the Private Funds' COM for a discussion of the risks associated with investing in the Private Funds.

The list set forth below provides a brief overview of different risks related to P2's investment strategy; however, it is not intended to serve as an exhaustive list or a comprehensive description of all risks and conflicts that may arise in connection with the management and operations of P2. The risks include, but are not limited to, those related to:

- risk of loss of entire investment;
- highly competitive market for investments;
- potential for liability due to acquisition of control positions in certain portfolio companies;
- potential that P2 is unable to successfully implement the investment strategy of the Private Funds;
- potential lack of availability of investment strategies;
- lack of diversification;
- general market risks and changes in general economic conditions;
- increased regulation of hedge funds;
- reliance on expertise of investment professionals of P2;
- lack of transferability/limited liquidity rights;
- risk of selling securities short, including the risk of a "short squeeze";
- risk of securities lending;
- limited liquidity of instruments held by the Private Funds;
- counterparty credit risk;
- assumption of credit risk of prime brokers;
- risks related to hedging the portfolio of the Private Funds;
- risks related to investing in options;
- risks related to the use of call and put options on stock indices;
- risks related to entering into swap agreements;
- risks of investment in insurance investments;

- risks related to employing leverage and financing;
- risks associated with a breach in cyber security;
- risks related to non-U.S. investments; and
- risks related to national and global pandemics.

### **Item 9: Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to an evaluation of P2 or the integrity of its management. P2 has no information to disclose applicable to this Item.

### **Item 10: Other Financial Industry Activities and Affiliations**

P2 is affiliated with the P2 Fund GPs by common ownership. Otherwise, P2 and its related persons do not have any relationships or arrangements with financial services companies that pose material conflicts of interest. Should conflicts of interest arise in the context of these relationships, such conflicts will be addressed in accordance with the Code of Ethics adopted by P2 (see “Item 11” of this Brochure for more information and details regarding P2’s Code of Ethics) and in the governing documents of the Private Funds, as applicable.

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

#### *Generally*

P2 and its affiliates have adopted a code of ethics (the “Code of Ethics”) in accordance with Rule 204A-1 under the Advisers Act to govern, among other things, personal securities transactions by employees and to ensure that the interests of employees do not conflict with the interests of clients, including the Private Funds and their investors. P2’s Code of Ethics includes standards of conduct requiring P2’s employees to comply with the spirit and the letter of the federal securities laws and the fiduciary duties an investment adviser owes to its clients.

The Code of Ethics requires all employees to act with competence, dignity, integrity and in an ethical manner when dealing with the Private Funds, investors, the public, prospective investors, third-party service providers and fellow employees. Likewise, all employees must use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, trading, promoting P2’s services and engaging in other professional activities.

P2 distributes the Code of Ethics to each employee upon the commencement of employment, annually and upon any material change to the Code of Ethics. Each employee must also acknowledge that they have received, read, understood and agree to comply with P2’s policies and procedures described in the Code of Ethics upon the commencement of employment, annually and when it is materially amended.

Investors in the Private Funds may obtain a copy of P2’s Code of Ethics by requesting such information directly from P2 at (212) 508-5500.

#### *Personal Trading*

Employees are strictly prohibited from investing in any securities of issuers held in the Private Fund portfolios. The prohibition extends to any derivative instruments whose returns are based on the securities of issuers held in the Private Fund portfolios.



If qualified, employees are encouraged to invest their personal capital into the Private Funds and can do so through a separate class of interests which are not charged management or performance fees. Employees who wish to diversify their investments are encouraged to do so through passive, non-discretionary vehicles such as mutual funds, hedge funds or separately managed accounts. Those employees who wish to maintain discretionary investment accounts such as brokerage accounts may do so, but are clearly prohibited from transacting in securities similar to those managed by P2. Employees generally may not transact in U.S. publicly quoted equities with a market cap of less than \$5 billion (market capitalization as defined as of the date of each transaction).

If an employee wishes to purchase a U.S. publicly quoted equity with a market cap of less than \$5 billion, they must obtain written pre-approval from P2's chief compliance officer ("CCO"). The pre-approval will be effective for five business days following the date of the pre-approval. If the transaction has not been affected by such date, a new pre-approval is required prior to commencing the transaction.

Employees who already own public U.S. equities with a market cap of less than \$5 billion must follow this pre-clearance procedure when attempting to sell such securities. Additionally, the CCO will pre-approve (or disapprove) all personal securities transactions in private placements and initial public offerings ("IPOs").

Employees are required to pre-clear, report and/or disclose certain reportable securities transactions to P2's CCO on a quarterly basis. Employee trading activity is not permitted to be so excessive as to conflict with the employee's ability to fulfill daily job responsibilities.

P2's personal securities transactions policies and procedures are designed to mitigate any potential material conflicts of interest associated with employees' personal trading activities. Accordingly, the CCO will closely monitor employees' investment patterns to detect potentially abusive behavior, including but not limited to frequent and/or short-term trades in any security, with particular attention paid to potential market-timing of mutual funds and trading that appears to be based on material non-public information.

#### *Material Non-Public Information*

Section 204A of the Advisers Act requires every investment adviser to establish, maintain and enforce written policies and procedures reasonably designed, taking into consideration the nature of such investment adviser's business, to prevent the misuse of material non-public information by such investment adviser or any associated person. P2 conducts insider trading specific training at least annually for employees. Employees are strictly forbidden from engaging in insider trading, either personally or on behalf of the Private Funds. P2's insider trading policies and procedures apply to all employees, as well as any transactions in any securities by family members, trusts or corporations directly or indirectly controlled by such persons. The policy also applies to transactions by corporations in which the employee is a 10% or greater stockholder, as well as transactions by partnerships of which the employee is a partner unless the employee has no direct or indirect control over the partnership.

Employees that interact directly with management of portfolio companies must be mindful of the kind of information that is conveyed during those interactions. A company's board of directors is responsible for the oversight of the company's business and has certain obligations imposed on it by law and contract. As part of its investment advisory activities, P2 may be requested to have an employee serve as a director of a company held in the portfolio of a Private Fund. In the event that an employee has any indication that information may be material or non-public, the Code of Ethics provides that such employee must neither trade on the information nor convey the information to others. Instead, the employee must immediately discuss the matter with the CCO.

The Code of Ethics directs employees with questions as to whether they are in possession of material non-public information to inform the CCO as soon as possible. The CCO will conduct research to determine if the information is likely to be considered material and whether the information has been publicly disseminated.

## **Item 12: Brokerage Practices**

### *Generally*

P2 has instituted policies and procedures to ensure that it will place all Private Fund transactions with appropriate care and diligence, seek best execution, treat all Private Funds fairly and disclose all material conflicts of interest.

### *Prime Brokers*

P2 may select one or more firms to serve as prime broker ("prime broker") to hold the funds and securities of, and execute transactions for, the Private Funds, consistent with its duty to seek to achieve best execution. In addition to custody and execution, a prime broker may provide other core functions (including, but not limited to, reporting, clearing, financing, securities lending, capital introduction and client service) to the Private Funds. P2, on behalf of the Private Funds, has entered into a prime brokerage relationship with Goldman, Sachs & Co. LLC ("Goldman"). Goldman will clear (generally on the basis of payment against delivery) each Private Fund's public securities transactions which are effected through broker-dealers, serve as custodian of the Private Fund's public portfolio assets, lend securities which are sold short and provide margin credit.

Since P2 does not typically transact on margin or sell securities short, the Private Funds pay Goldman an annual custody fee based on each Private Fund's month-end net asset value held with Goldman. The fee is calculated and debited monthly from the Private Fund's accounts. P2 is not required to maintain its relationship with Goldman and may change or add additional prime brokerage relationships at any time.

### *Best Execution and Broker Selection*

As part of P2's fiduciary duty to the Private Funds, P2 has an obligation to seek to obtain best execution on trades given prevailing market conditions, to trade assets in a manner that is fair to all Private Funds and to exercise diligence and care throughout the trading process.

While not defined by statute or regulation, "best execution" generally means the execution of client trades at the best net price considering all relevant circumstances. P2's investment strategy is centered on the acquisition of large ownership stakes in a limited number of companies where P2 is often seeking a long-term investment opportunity. Therefore, for P2, best execution tends to be different from many other strategies that are much more trading intensive due to their larger number of positions and higher portfolio turnover. P2's focus is on receiving an optimal blend of size, price and confidentiality rather than focusing solely on price.

Within this context, it is the policy of P2 to seek best execution for the Private Fund accounts. In fulfilling its duty to seek best execution, P2 seeks to obtain the most favorable terms for each transaction reasonably available under the circumstances. In selecting a broker-dealer, P2 considers the full range and quality of a broker-dealer's services including, among other things, the value of research provided, execution capability, the overall quality of execution, confidentiality, the commission rate charged and the responsiveness of the broker-dealer.

Before P2 begins trading with a broker-dealer, an investment team member and the CCO will collectively conduct an initial review, at the CCO's discretion, of the broker-dealer's operational, financial and regulatory status.

During the trading process, as part of their normal functions, the investment team member of P2 placing the trade will conduct a contemporaneous review, considering the execution quality of each trade. Any unexpected deviations in price, commission rate, market impact, execution speed or other aspects of execution quality will generally be discussed with the managing member of P2 and CCO.

At least semi-annually, P2's best execution committee, which is comprised of P2's investment partners and the CCO, will consider and review P2's current broker-dealers, trade executions and brokerage practices.

The best execution committee will collectively rate all approved broker-dealers based on the quality of research, execution capabilities and access to liquidity provided by the broker-dealers. The resulting broker-dealer rankings, which are more subjectively biased towards the research capabilities of the broker-dealers, will assist P2's investment team when allocating brokerage and soft dollars in the subsequent period.

P2 does not consider Private Fund or individual investor referrals from broker-dealers when making brokerage allocation decisions.

P2 does not consider the direction of brokerage at the request of investors in the Private Funds.

#### *Aggregation Policy*

P2 will aggregate trades of the Private Funds when such aggregation is expected to be in the best interest of all participating Private Funds. P2 will generally abide by the following procedures when aggregating trades:

1. P2's investment team member directing the trade will prepare a written pre-allocation that identifies each participating Private Fund account and each such account's expected participation (generally designated as pro rata). In determining the written pre-allocation, P2 will consider each Private Fund's size, diversification, cash availability, investment objectives and any other relevant factors.
2. All accounts participating in a block trade must receive the average price and pay a proportional share of any commissions.
3. P2 will seek to allocate trades in a manner that is fair to all of the Private Funds, and will not allocate trades based on an account's performance or fee structure.

#### *New Issues*

P2 does not intend to invest in shares of IPOs; however, in the event that it elects to do so in the future, it will allocate the limited investment opportunity on a fair and equitable basis, generally pro rata among the Private Funds, to eligible unrestricted investors.

#### *Cross Trades and Principal Trades*

P2 may use an unaffiliated broker-dealer to cross investments between the Private Fund accounts when such a transaction is advantageous for each participating Private Fund. Cross trades generally occur at the beginning of the month as part of the portfolio rebalancing process, and may be executed pre-market, after-

hours, or during the trading day, pursuant to P2's discretion. The investment will be crossed based on the market price of the investment provided by the executing broker / indicated on the applicable exchange on the date and time at which the rebalancing transactions are executed, and transaction costs will be divided equally between the participating Private Fund accounts.

Since P2 does not act as a broker in transactions involving the Private Funds, or otherwise receive commissions or another type of remuneration for the Private Fund trades, it does not complete agency cross trades.

Section 206(3) of the Advisers Act prohibits P2 and any employee or other affiliate from trading with any Private Fund on a principal basis, or from recommending an agency cross trade to both participants, unless P2 discloses the capacity in which it is acting to each participating Private Fund in writing before completion of the transaction, and obtains each participating Private Fund's consent to the transaction. P2 will not generally engage in these principal transactions, and in the event that it does elect to do so, will adhere to the provisions set forth in Section 206(3).

### *Soft Dollars*

P2 will only use soft dollars to obtain eligible research services that fall within the safe harbor provided by Section 28(e) of the Securities Exchange Act of 1934 (the "Exchange Act"). Section 28(e) of the Exchange Act provides a safe harbor that allows an investment adviser to pay more than the lowest available commission in order to obtain brokerage and research services (commonly referred to as a "soft dollar" arrangement). P2 may direct trades to a broker-dealer in recognition of research services and services furnished by such broker-dealer, even if such broker-dealer charges a higher execution rate than another broker-dealer. When P2 uses brokerage commissions paid by the Private Funds to obtain research or other products and services, P2 does not have to produce such research, products or services.

A product or service may have multiple uses, some of which are eligible under the Section 28(e) safe harbor, and others of which are not. An investment adviser may only use soft dollars to pay for that portion of the product or service that falls within the safe harbor. P2 does not pay for any products or services which may require an allocation of payment between hard and soft dollars (i.e., a "mixed-use" service) with soft dollars.

Soft dollar credits are assets of the Private Funds that must be treated with appropriate care. In the aggregate, P2 believes that the products and services obtained with soft dollar credits will assist P2 in fulfilling its duties to the Private Funds; however, each and every product or service may not be used to service each and every Private Fund managed by P2. The CCO will review regular soft dollar accrual and expenditure reports sent by broker-dealers. P2's best execution committee will also periodically review P2's soft dollar credit and debit balances, including any balances through commission sharing arrangements. If P2 develops large credit balances, the committee will consider whether the Private Funds are paying unnecessarily high commissions.

### *Trade Errors*

Errors may occur during the investment decision-making process, as well as the trading process; both types of errors are considered "trade errors" for purposes of P2's policy. The utmost care must be taken in making and implementing investment decisions on behalf of the Private Fund accounts. P2 attempts to minimize trade errors by implementing extensive transaction approval and reconciliation procedures. Additionally, P2's investment strategy, which generally results in limited trading due to concentrated positions and low portfolio turnover, often results in very few trading errors.

As disclosed in the Private Funds' COM, the cost of errors in the Private Fund accounts will be borne by

the Private Funds unless an error is the result of bad faith, gross negligence or willful misconduct by P2. To the extent that errors occur, they must generally be corrected as soon as practicable. Errors must also be promptly reported to the CCO and reviewed to determine whether policies or procedures should be changed to prevent future errors.

The CCO will work with the investment team to resolve any trade errors. The CCO will maintain a trade error file that contains all documentation necessary to substantiate the actions taken to resolve each error.

P2 will not use soft dollars or commitments of future brokerage business to compensate any broker-dealer for absorbing the cost of a trade error. However, to the extent that P2 can demonstrate that a broker-dealer was partly or entirely responsible for a trade error, that broker-dealer may be asked to bear part or all of the cost of the error. The CCO will retain documentation showing the broker-dealer's responsibility in the trade error file.

### **Item 13: Review of Accounts**

Each Private Fund account is reviewed by a committee comprised of certain partners and employees of P2, including, but not limited to the managing member of P2, the investment partners and the CCO generally on a weekly basis; or more or less frequently as market conditions warrant. Account reviews consist of an analysis of the account's performance to date in light of its investment objectives and an evaluation of any appropriate changes which should be made to its portfolio in light of its current positions, the exposure of the portfolio to various forms of risk and P2's ongoing assessment of the overall market, current portfolio companies and alternative investment opportunities.

Private Fund investors receive a quarterly account statement (containing their quarter-to-date and year-to-date opening net asset value, any contributions and/or withdrawals, any net income or loss and an ending net asset value) directly from a third-party administrator. P2 also distributes a narrative investor letter summarizing the Private Fund's recent activity and the current status of the Private Fund's investments.

Private Fund investors receive annual audited financial statements of the Private Fund within 120 days following the Private Fund's fiscal year end to comply with Rule 206(4)-2 (the "Custody Rule") under the Advisers Act. Each investor also receives relevant tax reporting information which may also be sent to a third-party service provider, such as the investor's financial consultant, tax advisor or independent custodian, if requested to do so by the investor.

Certain large investors in the Private Funds may negotiate to receive certain special reports or more frequent or more detailed information about their respective account. As such, these investors will be privy to certain information regarding one or more of the Private Funds that may only be available to other investors in those Private Funds upon request.

Investors should refer to the relevant Private Fund's COM for more information about the reports provided.

### **Item 14: Client Referrals and Other Compensation**

P2 and its related persons do not compensate any individual or entity for client referrals.

P2 may benefit from the capital introduction services provided by its prime broker and or administrator. P2 does not have any formal agreement to directly pay its prime broker or administrator for referring investors to the Private Funds.

## **Item 15: Custody**

With the exception of investments in “privately offered securities” per Rule 206(4)-2 under the Advisers Act (the “Custody Rule”), all Private Fund assets are held in custody by a “qualified custodian.”

P2 and/or the P2 Fund GPs are deemed to have custody of the Private Fund funds and securities because P2 or the P2 Fund GPs serve as both adviser and general partner or managing member to the Private Funds and may directly access the Private Funds’ capital accounts. In all cases, P2 will comply with the requirements of the Custody Rule.

With respect to pooled investment vehicles, each Private Fund is subject to an annual independent audit, the results of which must be distributed to the underlying investors within 120 days following the relevant Private Fund’s fiscal year-end (compliant with generally accepted accounting principles and performed by a PCAOB certified auditor). Accordingly, under the Custody Rule, all of the Private Funds are audited annually.

## **Item 16: Investment Discretion**

As specified in written agreements, P2 has full discretionary authority to manage the assets of the Private Funds in a manner consistent with the stated investment objectives and investment guidelines of the COM of the Private Funds. The Private Funds have appointed P2 as agent and attorney-in-fact with full power and authority to buy, sell and otherwise deal in securities and contracts relating to the same. However, the management and conduct of the activities of the Private Funds remain the ultimate responsibility of the P2 Fund GPs or the board of directors of the Private Fund, as applicable.

P2’s discretionary authority includes determining:

- the securities to be purchased and sold for the Private Fund accounts;
- the quantity of securities to be purchased or sold for the Private Fund accounts;
- the timing and prices that securities are purchased and sold;
- the broker-dealer through whom the securities are bought or sold; and
- the commission rates at which the securities transactions are effected.

Investors generally cannot place restrictions on P2’s investment discretion with respect to the Private Funds; however, P2 may enter into side letter agreements with certain large or strategic investors granting them, among other things, restrictions with respect to position sizing, permitted investments and allocations of private investments.

## **Item 17: Voting Client Securities**

P2 has written proxy voting policies and procedures as required by Rule 206(4)-6 under the Advisers Act. P2’s agreements with the Private Funds give it the authority to vote proxies on behalf of the underlying investors. Proxies are assets of the Private Funds that must be voted with diligence, care and loyalty. P2 will vote each proxy in accordance with its fiduciary duty to the Private Funds. P2 will generally seek to vote proxies in a way that maximizes the value of the Private Funds’ assets. P2 has adopted proxy voting procedures designed to ensure that proxies are properly identified and voted, and that any conflicts of interest are addressed appropriately.

Due to the nature of P2’s business and structure, P2 does not believe it is likely that material conflicts of interest will arise in voting proxies of portfolio companies. However, material conflicts of interest could arise in certain circumstances and employees must notify the CCO if they are aware of any material conflict

of interest associated with a proxy vote. It is impossible to anticipate all material conflicts of interest that could arise in connection with proxy voting, but P2's written proxy voting policies and procedures identify examples of potential conflicts for employees which are meant to help them identify if a potential conflict of interest exists.

If P2 detects a material conflict of interest in connection with a proxy solicitation, P2 will convene its proxy voting committee, comprised of the CCO and the managing member of P2. If the proxy voting committee is unable to reach a consensus regarding the proxy vote, P2 will, at its own expense, engage an outside proxy voting service or consultant to make a recommendation. The CCO will retain documentation of the proxy voting service or consultant's recommendation and will vote the Private Funds' proxies in accordance with that recommendation.

If no material conflict of interest is identified, the recommendation to vote the proxy as directed by the respective portfolio company's lead investment partner shall be deemed to have been made in the best interests of the Private Funds. P2 will not neglect its proxy voting responsibilities, but P2 may abstain from voting if it deems that abstinence is in the Private Funds' best interests.

P2 is further authorized to direct the Private Funds participation in class actions. P2 will complete class action lawsuit documents when it believes that doing so would be in the best interests of the Private Funds. P2 may abstain from attempting to participate in a class action lawsuit involving a portfolio company when it believes that the potential cost of participating outweighs the potential benefit or when P2 otherwise believes it is not in the best interest of the Private Funds to participate.

Investors in the Private Funds may obtain a copy of P2's written proxy voting policies and procedures as well as information on how P2 voted specific proxies for the Private Funds by requesting such information directly from P2 at (212) 508-5500.

#### **Item 18: Financial Information**

Registered investment advisers are required in this Item to provide investors with certain financial information or disclosures about the adviser's financial condition. P2 has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to meet contractual and fiduciary commitments to the Private Funds.