

# **Ocean Avenue Capital Partners, L.P.**

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**This brochure provides information about the qualifications and business practices of Ocean Avenue Capital Partners, L.P. (“Adviser”). If you have any questions about the content of this brochure, please contact us at (424) 238-0730 or at [info@oceanavenuecapital.com](mailto:info@oceanavenuecapital.com). The information in this brochure has not been approved or verified by the U.S. Securities and Exchange Commission (“SEC”) or by any state securities authority. Additional information about Adviser also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**As a registered investment adviser with the SEC, Adviser is subject to the rules and regulations adopted by the SEC under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). Registration as an investment adviser is not an indication that Adviser or its directors, officers, employees or representatives have attained a particular level of skill or ability.**

## **ITEM 2 – MATERIAL CHANGES**

Since the last annual update to Adviser's brochure was filed with the SEC on March 16, 2022, there have been no material changes to the information provided in this brochure. In the future, when Adviser amends its brochure for its annual update or for an other than annual amendment and the amended version contains any material changes from the last annual update, Adviser will identify and describe those changes either on this page or in a separate document accompanying this brochure.

At any time, you may view the current version of Adviser's Brochure on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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#### **ITEM 4 – ADVISORY BUSINESS**

Adviser is a Delaware limited partnership that was founded in 2010, and is principally owned and controlled (through its general partner, Ocean Avenue Capital Partners, LLC) by Jeffrey L. Ennis, Duran S. Curis, and Jacques Youssefmir.

Adviser provides investment advisory services to private single-investor and pooled investment vehicles, and may also provide investment advisory services to institutional clients through managed account arrangements. The investment vehicles and accounts to which Adviser provides advisory services are referred to herein as the “Funds.” The Funds are typically U.S. and non-U.S. limited partnerships and other investment vehicles that are not registered or required to be registered under the Investment Company Act of 1940, as amended (the “Investment Company Act”), or the Securities Act of 1933, as amended (the “Securities Act”). The investors in the Funds may include, among others, pension plans, foundations, endowments, high net worth individuals, banks, insurance companies, trusts, estates, other pooled investment vehicles, and corporations.

Adviser may, from time to time, sponsor and manage investment vehicles on a transaction-by-transaction basis to allow certain persons to invest alongside one or more Funds in specific portfolio companies and other assets of the Funds (each such vehicle, a “Co-Investment Fund”). Co-Investment Funds are typically limited to investing in securities relating to the transaction or transactions with respect to which they were organized. As a general matter, any co-investment by a Co-Investment Fund will be on terms and conditions not more favorable than the terms and conditions of the investment by the applicable Fund.

Adviser may also sponsor and manage certain other entities which are “feeder” vehicles organized to invest exclusively in a Fund and/or special purpose vehicles that have been formed to facilitate portfolio investments by the Funds or their investors for tax, regulatory or economic purposes.

As investment adviser to each Fund, Adviser identifies investment opportunities and participates in the acquisition, management, monitoring, and disposition of investments for each Fund. Adviser will manage each Fund based on the investment objectives and investment restrictions set forth in the governing documents of the Fund. Adviser primarily provides investment advisory services related to investments in private equity, special situations private funds, and private companies for direct investment.

Investment advice is provided directly to the Funds, and not individually to the investors of the Funds. Adviser generally provides investment advisory services to each Fund pursuant to an investment management agreement with the Fund and/or the governing documents of the Fund. The investments of a Fund may be subject to certain diversification and/or geographic limitations as set forth in the investment management agreement with the Fund and/or the governing documents of the Fund. Further, Adviser may enter into side letters with certain investors of a Fund which impose further restrictions on investing in certain types of securities, countries, geographies or businesses with respect to such investor.

As of December 31, 2021, Adviser managed \$1.9 billion on a discretionary basis, and \$0 on a non-discretionary basis.

## **ITEM 5 – FEES AND COMPENSATION**

### **Fees**

As investment adviser to each Fund, Adviser will generally receive an annual management fee equal to a percent, generally ranging from 0.55% to 1.25%, of the capital commitment of each Fund investor from the initial closing of the Fund through the end of the Fund's term. This management fee will generally be reduced to 90% of the prior year's management fee beginning in year 8 of the Fund's term. Adviser, in its discretion, may waive or reduce the management fee as to all or any of the investors in the Fund. Adviser and certain of its principals and employees typically invest in the Funds, and management fees assessed on such investments may be substantially reduced or waived entirely. In addition, all or a portion of such principals' and employees' capital investments in a Fund may be made through reductions in or waiver of the management fee payable to Adviser by the Fund in lieu of capital contributions by such principals and employees.

The management fee generally will be paid by each Fund quarterly in advance. Management fees are deducted from the assets of each Fund and are generally payable out of current cash flow, disposition proceeds or from drawdowns of investors' capital commitments to the Fund. Adviser may be terminated as the investment adviser of a Fund upon the winding up of the Fund or in the event a specified percentage of the investors vote to (i) remove the general partner or (ii) dissolve the Fund, in which case the Adviser, in consideration for transitioning the Fund to a new general partner or dissolving the Fund, shall be entitled to one year's worth of management fees from the date of such vote.

Adviser and/or its affiliates may be entitled to receive fees from actual or prospective portfolio investments of the Funds, including origination, directors' transaction, breakup, commitment, closing, and monitoring fees. Although these fees are in addition to management fees paid by the Funds, Adviser and/or its affiliates will reduce management fees, on a dollar for dollar basis, in connection with the receipt of such fees.

Under each Fund's governing agreement, an affiliate of Adviser generally will be entitled to receive carried interest distributions. The carried interest distributions will generally be an amount equal to a percentage, generally ranging from 5% to 15%, of the profits from each Fund after the return of invested capital and a preferred return to investors. Adviser, in its discretion, may waive or reduce the carried interest distributions as to all or any of the investors in the Fund.

The carried interest distributions for each Fund generally are paid out as distributions of the net cash proceeds attributable to dispositions of portfolio investments of the Fund.

The amount of, and the manner and calculation of, the management fees and carried interest distributions for each Fund are set forth in the governing documents of the Fund.

Adviser will not receive sales commissions in connection with sales of interests in a Fund.

Lower fees for comparable services may be available from other sources. The expenses of a Fund, including Adviser's management fee and carried interest distributions, may constitute a higher

percentage of average net assets than would be found in other investment vehicles not managed by Adviser.

### **Costs and Expenses**

Generally, a Fund bears all legal, accounting and other fees, costs and expenses of and incidental to organizing and funding the Fund and the general partner and manager of the Fund up to a certain amount as set forth in the governing documents of the Fund. A Fund will also bear the operational costs and expenses of the Fund. Such costs and expenses include, but are not limited to: (i) legal, auditing, custodial, travel, consulting, financing and accounting fees and expenses of the Fund; (ii) expenses associated with preparation of the Fund's financial statements, reports to Fund investors and tax returns; (iii) out-of-pocket expenses and other expenses incurred in connection with the operation of the Fund under the laws of the jurisdiction in which it is organized; (iv) out-of-pocket expenses of transactions not consummated; (v) expenses of appraisers and consultants; (vi) expenses of litigation and indemnification; (vii) insurance premiums; (viii) expenses of advisory committee meetings and meetings of the Fund investors; (ix) other expenses associated with the acquisition, holding and disposition of the Fund's portfolio investments including extraordinary expenses; (x) any taxes, fees or other governmental charges levied against the Fund; and (xi) costs of dissolving and winding up the Fund. Fund investors may also bear a portion of any fees or expenses charged by any special purpose vehicles that have been formed to facilitate portfolio investments by the Funds or their investors for tax, regulatory or economic purposes. Fund investors will also indirectly bear a portion of any fees or expenses charged by any other investment vehicles or funds in which the Fund invests or other investment managers to which Adviser allocates a portion of Fund assets. Adviser may, at its discretion, choose to pay or reimburse the Fund for all or any portion of such expenses. For a full list of expenses, please refer to the applicable Funds limited partnership agreement.

Although Adviser does not generally utilize the services of broker-dealers for Fund transactions, in the event it chooses to use a broker-dealer, the Funds will bear brokerage and transaction costs to the extent incurred. For additional information regarding brokerage and transaction costs, see Item 12 below.

### **ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

As discussed in Item 5 above, an affiliate of Adviser generally will be entitled to receive carried interest distributions from each Fund representing a percentage of the profits of such Fund. Any fees based on performance that will be charged to a person who became an investor in a Fund on or after the date Adviser became an SEC-registered investment adviser will only be charged in accordance with the provisions of Rule 205-3 under the Advisers Act.

The carried interest distributions made with respect to a Fund may create an incentive for Adviser to cause the Fund to make investments that are riskier than it would otherwise make. Although each Fund generally contains a "clawback" requiring the Adviser affiliate that receives the carried interest distributions from such Fund to return excess distributions to investors in the event such affiliate receives more than its carried interest percentage of Fund profits on an aggregate basis over the life of such Fund, the return of such distributions to the investors would generally be delayed until the end of such Fund's term.

The payment by some, but not all, Funds of carried interest distributions or the payment of carried interest distributions at varying rates may create an incentive for Adviser to disproportionately allocate time, resources or profitable investment opportunities to Funds paying carried interest distributions or Funds paying carried interest distributions at a higher rate. In order to mitigate this conflict, Adviser has adopted a trade allocation policy, as described in Item 11 below, pursuant to which investment opportunities are allocated across multiple Funds on a fair and equitable basis over time.

## **ITEM 7 – TYPES OF CLIENTS**

Adviser provides investment advisory services to the Funds. Investment advice is provided directly to the Funds and not individually to the investors in the Funds.

Adviser generally requires investors in a Fund to make a minimum commitment to the Fund. The general partner of each Fund, in its sole discretion, may waive the minimum commitment amount.

Investors in a Fund generally must be “accredited investors” under Regulation D who are eligible to enter into a performance fee arrangement under the Advisers Act. In addition, if a Fund relies on Section 3(c)(7) under the Investment Company Act, investors also generally must be “qualified purchasers” under Section 2(a)(51)(A) of the Investment Company Act. Adviser generally requires Fund investors to make representations concerning their financial sophistication and ability to bear the risk of loss of their entire investment in the Fund.

## **ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### **Investment Strategies and Methods of Analysis**

The following is a summary of the investment strategies and methods of analysis employed by Adviser on behalf of the Funds. Specific descriptions of such strategies and methods are included in the governing documents of each Fund.

Historically, the Adviser had invested in a variety of structures including funds (both on a primary and, opportunistically, on a secondary basis), and co-investments in the inefficient segments of the niche private equity and special situations (opportunistic credit, distressed debt, turnaround and other special situations) markets. In the future, the Adviser will seek to invest substantially all of its assets in direct investments where the Adviser believes there are market inefficiencies or other special situations. The investment strategy for each Fund is more particularly described in its governing documents. Prospective investors should carefully read the Fund’s governing documents and consult with their own counsel and advisers as to all matters concerning an investment in the Fund.

Investments for each Fund are identified and selected by Adviser. In evaluating a potential investment, Adviser conducts extensive due diligence to analyze, among other things, a prospective partner’s team strength, track record, sourcing strategy, and competitive advantages, market and competitive position within that market, cost and revenue structures, entry valuation and competitive dynamics relative to the prospective investment, growth opportunities,

management team and compensation structure, risks and contingent liabilities (environmental, regulatory, accounting or otherwise), and potential exit strategies.

The due diligence process generally includes, among other things, a review of financial records, business plans, projections, investment memorandums, third party reports, legal documents and relevant industry data (such as information on customers and suppliers). Adviser typically receives information directly from the manager it is partnering with (or its agents and/or representatives). Adviser may engage the services of experts and consultants having special expertise in relevant fields to supplement its research.

The success of client account investments will be affected by general economic and market conditions where Adviser [and third-party managers] have a lack of control, such as, but not limited to, interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, trade barrier, currency fluctuation and controls, national and international political circumstances and force majeure events (i.e., events beyond the control of the party claiming that the event has occurred, including, without limitation, acts of God, fire, flood, earthquakes, outbreaks of infectious disease, pandemic or any other serious public health concern, war, terrorism, etc.).

Following an investment by the Fund, Adviser will continue to monitor the progress and suitability of portfolio investments as well as market and economic outlook.

## **Risks**

Investment in securities involves risk of loss that investors in a Fund must be prepared to bear. Acquiring interests in a Fund is intended for sophisticated investors who can accept a high degree of risk in their portfolio and can accept a potential loss of their entire investment.

Investment risks specific to the investment strategy of each Fund are described in the governing documents of the Fund. Such risks may include (but are not limited to):

- *Illiquid Investments.* An investment in a Fund should be viewed as illiquid. It is uncertain as to when profits, if any, will be realized. The return of capital and the realization of gains, if any, generally will occur only upon the partial or complete disposition of the Fund's assets, which may not occur for a number of years after the initial investment.
- *Lack of Sufficient Investment Opportunities.* The business of identifying and structuring investments in private funds and companies is highly competitive and involves a high degree of uncertainty. It is possible that a Fund will never be fully invested if insufficient attractive investments are identified.
- *Concentration.* A Fund may participate in only a small number of investments. As a consequence, the aggregate return (if any) realized by an investor in the Fund may be materially adversely affected by the unfavorable performance of even a single investment by the Fund.
- *Reliance on Management.* The performance of a Fund depends on the skill of Adviser and its principals to identify and consummate suitable investments, to structure and make prudent credit and investment decisions, and to dispose of investments of the Fund at a profit.



- *Leverage.* A Fund's underlying portfolio companies may have significantly leveraged capital structures. To the extent a portfolio company in which a Fund (or one of its underlying funds) invests is leveraged, its leveraged capital structure will increase the exposure of the company to adverse economic factors such as rising interest rates, downturns in the economy or deteriorations in the condition of the company or its industry sector.
- *Investments in Less Established Companies.* A Fund may invest a significant portion of its assets in smaller, less established companies. Investments in such companies may involve greater risks than are generally associated with investments in more established companies. The securities of such companies, even if and when publicly traded, may be subject to more abrupt and erratic market price movements than larger, more established companies. Less established companies also tend to have a lower capitalization and fewer resources and, therefore, are often more vulnerable to financial failure.
- *Investments with Third Parties.* A Fund will partner with third parties, through partnerships, co-investments or other structures. Such investments may involve additional risks in connection with such third-party involvement, including the possibility that a third party may have financial difficulties resulting in a negative impact on such investment, may have economic or business interests or goals that are inconsistent with those of the Fund or may be in a position to take (or block) action in a manner contrary to the Fund's investment objectives.
- *Potential Additional Government or Market Regulation.* Market disruptions and the dramatic increase in the capital allocated to alternative investment strategies during recent years have led to increased governmental scrutiny of the "private equity" industry in general. The SEC, Congress, state legislatures, state securities administrators and governing bodies of non-U.S. jurisdictions could seek to impose greater regulation on the "private equity" industry. It is impossible to predict what, if any, changes in regulation applicable to a Fund or Adviser, the markets in which they invest or the counterparties with which they do business may be instituted in the future. Any such regulation could have a material adverse effect on the profit potential of a Fund, as well as require increased transparency as to the identity of its investors.
- *Coronavirus and Public Health Emergency.* As of the date of this Brochure, there is an outbreak of a novel and highly contagious form of coronavirus ("COVID-19"), which the World Health Organization has declared to constitute a "Public Health Emergency of International Concern." The outbreak of COVID-19 has resulted in numerous deaths, adversely impacted global commercial activity and contributed to significant volatility in certain equity and debt markets. The global impact of the outbreak is rapidly evolving, and many countries have reacted by instituting quarantines, prohibitions on travel and the closure of offices, businesses, schools, retail stores and other public venues. Businesses are also implementing similar precautionary measures. Such measures, as well as the general uncertainty surrounding the dangers and impact of COVID-19, are creating significant disruption in supply chains and economic activity and are having a particularly adverse impact on transportation and travel, hospitality, tourism, entertainment and other

industries. As COVID-19 continues to spread, the potential impacts, including a global, regional or other economic recession, are increasingly uncertain and difficult to assess.

Any public health emergency, including any outbreak of COVID-19, SARS, H1N1/09 flu, avian flu, other coronavirus, ebola or other existing or new epidemic diseases, or the threat thereof, are likely to have a significant adverse impact on the Funds and their portfolio companies and could adversely affect the Funds' ability to fulfill their investment objectives.

The extent of the impact of any public health emergency on the Funds' and their portfolio companies' operational and financial performance will depend on many factors, including the duration and scope of such public health emergency, the extent of any related travel advisories and restrictions implemented, the impact of such public health emergency on overall supply and demand, goods and services, investor liquidity, consumer confidence and levels of economic activity and the extent of its disruption to important global, regional and local supply chains and economic markets, all of which are highly uncertain and cannot be predicted. The effects of a public health emergency may materially and adversely impact the value and performance of the Funds' portfolio companies, the Funds' ability to source, manage and divest investments and the Funds' ability to achieve its investment objectives, all of which could result in significant losses to the Funds.

*Failure of Counterparties to Perform Obligations.* In its ordinary course of business, the Firm relies on various counterparties, which include, but is not limited to, brokers, dealers, banks, custodians, and administrators ("Counterparties"). These Counterparties, with which the Firm does business and on behalf of a Fund, may, from time to time, default on their obligations with or without notice. Such defaults include, but are not limited to, a Counterparty's bankruptcy, insolvency, or other failure. A Counterparty's default on their obligations may impact the Firm's or the Fund's ability to conduct its business in the ordinary course. There is a risk of loss of assets on deposit at the Counterparty. Although government agencies or other organizations provide insurance coverage to depositors in the event of a Counterparty failure, coverage is limited to a specified amount and subject to rules and regulations. Prior events where a government agency or other organization stepped in to make depositors whole over their excess deposits at select Counterparties, which may or may not have a current or prior relationship with the Firm or the Fund, should not be construed as a guarantee that such action will be taken in the future. There is no guarantee that any excess deposits are recoverable. In the event of a Counterparty's default, the Firm will work diligently to access its capital and take actions it deems appropriate while acting in the best interest of the Fund. However, the Firm's access to capital is subject to a variety of external factors that are outside of the Firm's control, including the timing of default, a government agency's or other organization's actions, including the timing of the Counterparty's closure, ability to liquidate the Counterparty's assets, or to effect the Counterparty's sale or dissolution, unforeseeable economic factors or market conditions, and the Counterparty's technology infrastructure operating as intended to facilitate access. Furthermore, the Firm's ability to access capital may have an impact on the Firm's and the Fund's ability to conduct operations in the normal course including, but not limited to paying expenses, funding investment opportunities resulting in delayed or missed

opportunities, and calling capital from or making distributions to limited partners. Deposits concentrated at one or a limited number of Counterparties may amplify these risks.

## **ITEM 9 – DISCIPLINARY INFORMATION**

There are no legal or disciplinary events required to be disclosed pursuant to this Item 9.

## **ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES OR AFFILIATIONS**

Each Fund was organized with the intent that it be advised by Adviser, and a related person of Adviser is the general partner of each Fund. No general partner of any Fund intends to cause the Fund to terminate its advisory relationship with Adviser absent Adviser's liquidation or bankruptcy. Adviser may from time to time enter into a side letter agreement with one or more investors in a Fund which may, among other terms, provide for reduced management fees and/or carried interest distributions with respect to the Fund. In addition, neither Adviser nor its related persons are obligated to allocate any specific amount of time or investment opportunities to a particular Fund. Adviser and its related persons intend to devote as much time as they deem necessary for the conduct of each Fund's operation and portfolio management, and will allocate investment opportunities in accordance with Adviser's trade allocation policy described in Item 11 below.

## **ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

### **Code of Ethics**

In order to address conflicts of interest, Adviser has adopted a code of ethics (the "Code") which is applicable to all of Adviser's officers, stockholder, directors, and employees (collectively, "Employees"). Adviser's Code generally sets the standard of ethical and professional business conduct that Adviser requires of its Employees, requires Employees to comply with applicable federal securities laws and regulations, and sets forth provisions regarding personal securities transactions by Employees. In addition, the Code sets forth Adviser's policies and procedures with respect to material, non-public information and other confidential information, and the fiduciary obligations that Adviser and each of its Employees owes to each advisory client. The Code is circulated at least annually to all Employees, and each Employee at least annually must certify in writing that he or she has received and followed the Code and any amendments thereto. Adviser will provide a copy of the Code to any client or prospective client upon request.

### **Participation or Interest in Client Transactions**

Adviser and certain employees, officers and affiliates of Adviser may invest in the Funds, either through their general partners, as limited partners or otherwise. A Fund may in its discretion reduce all or a portion of the management fee or carried interest distributions with respect to investments held by such persons.

Adviser or its related persons may engage in securities transactions with certain Fund investors or may recommend investments in portfolio companies in which Adviser or a related person has a

beneficial or financial interest. Such transactions may include co-investment opportunities in portfolio companies which are offered to some but not all Fund investors and/or Adviser's advisory personnel or employees. In addition, Adviser may, from time to time at its discretion, suggest that investors in the Fund invest in a co-investment vehicle sponsored by Adviser. Adviser will disclose these potential conflicts of interest to clients in the governing documents of each Fund.

Adviser generally discloses material potential conflicts of interest to Fund investors in the governing documents of the Fund. These materials are delivered to investors prior to their investment and such investors are generally given the opportunity to ask questions and seek answers regarding, among other things, potential conflicts involving Adviser, its affiliates, or the executive officers of the foregoing.

### **Personal Trading**

Adviser recognizes that there is a risk that Employees will compete with the Funds or otherwise engage in personal securities transactions at the expense of a Fund's interest. In order to maintain a high code of ethics, Adviser's Code requires that all such transactions be carried out in a way that does not endanger the interest of any Fund. The Code establishes certain pre-clearance procedures and an initial, annual and quarterly securities transaction reporting system that is designed to monitor transactions in Employees' personal accounts and prevent any conflicts that may arise between Employees' personal securities transactions and transactions for the Funds. For purposes of the policy, an Employee's "personal account" generally includes any account (i) in the name of the Employee, his/her spouse, his/her minor children or other dependents residing in the same household; (ii) for which the Employee is a trustee or executor; or (iii) which the Employee controls, including Fund accounts which the Employee controls and in which the Employee or a member of his/her household has a direct or indirect beneficial interest. Additional restrictions on personal trading of the portfolio securities of a Fund may be imposed on principals of Adviser pursuant to the Fund's governing documents.

### **Concurrent Trading Activity**

Since participation in specific investment opportunities may be appropriate, at times, for more than one Fund, Adviser has established policies and procedures for allocating investment opportunities among the Funds, subject to any requirements of the governing documents of the Funds. The policies and procedures have been adopted to ensure that investment opportunities are allocated across multiple Funds on a fair and equitable basis over time. Adviser will allocate such opportunities among the Funds on a basis that Adviser determines in good faith to be appropriate, taking into consideration factors including, but not limited to, the Fund's investment strategy, the sourcing of the transaction, the relative amounts of capital available for investment (taking into account applicable reserves), the size of the transaction, the amount of potential follow-on investing that may be required for such investment and other portfolio investments and investment restrictions and guidelines. Any cutbacks (to the extent that the total desired allocation to such opportunity is greater than the total available allocation in such opportunity) in the allocation of such investment opportunity shall be applied on a pro rata basis according to the amount of such investment initially proposed to be allocated across such Funds.

Adviser may cause different Funds to invest at different times in a single portfolio company, for example, where a Fund that made an initial investment in a portfolio company does not, when an

opportunity to make a follow-on investment in the company subsequently arises, have sufficient capital for such investment. Follow-on investments present conflicts of interest, including determination of the equity component and other terms of the new financing. In addition, a Fund may participate in re-leveraging and recapitalization transactions involving portfolio companies in which other funds have invested or will invest. Recapitalization transactions may present conflicts of interest, including whether existing investors are paying too high or too low a price for the company or purchasing securities with terms that are more or less favorable than the prevailing market terms. Adviser expects to resolve all such conflicts using its best judgment, but in its sole discretion, subject in certain cases to approval by the respective advisory boards of the participating Funds.

## **ITEM 12 – BROKERAGE PRACTICES**

### **Execution Quality**

While Adviser primarily makes its initial investments directly with the issuers, there may be situations where it places trades through a broker, particularly if there has been a liquidity event. In such circumstances, Adviser will seek “best execution” in light of the circumstances involved in such transactions. In selecting a broker for any transactions, Adviser may consider a number of factors, including, for example, net price, reputation, financial strength and stability, efficiency of execution and error resolution, the size of the transaction and the market for the security. Adviser will not obligate itself to obtain the lowest commission or best net price for a Fund on any particular transaction.

Adviser monitors transaction results as orders are executed to evaluate the quality of execution provided by the various brokers and dealers it uses, to determine that compensation rates are competitive and otherwise to evaluate the reasonableness of the compensation paid to those brokers and dealers in light of all the factors described above.

### **Research and Other Soft Dollar Benefits**

Adviser does not enter into soft dollar arrangements or otherwise take into account research and non-execution services in selecting brokers to execute client transactions.

### **Directed Brokerage**

Adviser does not recommend, request or require a client to direct Adviser to execute transactions through a specific broker-dealer.

### **Aggregation of Orders**

As Adviser deals primarily with private securities purchased directly from the issuer, Adviser will generally not be able to aggregate securities transactions for Funds. However, where available and appropriate, Adviser may aggregate purchases or sales of any security effected for a Fund with purchases or sales of the same security effected on the same day for other Funds. When transactions are aggregated, the actual prices applicable to the aggregated transaction generally will be averaged, and all participating Funds will be deemed to have purchased or sold their respective shares of the security, instrument or obligation involved at such average price. Further,

all transaction costs incurred in effecting the aggregated transaction generally will be shared on a *pro rata* basis among all participating Funds.

### **ITEM 13 – REVIEW OF ACCOUNTS**

#### **Account Review**

The investments made by the Funds are generally private, illiquid and long-term in nature. Accordingly, the review process is not directed toward a short-term decision to dispose of securities. However, Adviser closely monitors the funds and the portfolio companies in which the Funds invest and generally maintains an ongoing oversight position in such companies. Reviews occur on at least a quarterly basis and are conducted by Adviser's principals.

#### **Client Reports**

Adviser or one of its affiliates will provide written quarterly unaudited reports and written annual audited reports to investors in the Funds. Adviser may make the reports available in hardcopy or solely via electronic transmission or in electronic form on its website unless otherwise requested by a Fund investor. Adviser, in its discretion, may provide more frequent reports and/or more detailed information to all or any of the investors in the Fund.

### **ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION**

#### **Compensation by Non-Clients**

As noted in response to Item 5, Adviser and/or its affiliates may be entitled to receive fees from actual or prospective portfolio investments of the Funds, including origination, directors', transaction, breakup, commitment and closing fees. Although these fees are in addition to management fees paid by the Funds, Adviser and/or its affiliates will reduce management fees, on a dollar for dollar basis, in connection with the receipt of such fees.

#### **Compensation for Client Referrals**

Adviser has engaged certain parties ("Solicitors") to assist Adviser's business efforts in private equity, including solicitation of separate account and single investor fund clients. All such arrangements are documented by a written agreement which requires, among other things, that the Solicitors comply with applicable laws and regulations governing such solicitation relationships. These agreements require the Solicitors to disclose in writing to each prospective Fund investor the fact that they have been engaged by Adviser and the additional fees, if any, that such prospective investors will be charged as a result of Adviser's engagement of the Solicitor. While not a client solicitation arrangement, Adviser notes that it may from time to time engage, or cause the Funds to engage, one or more persons to act as a placement agent for a Fund in connection with the offer and sale of interests to certain prospective investors. Adviser requires placement agents to have all appropriate licenses and registrations to conduct their business, including when applicable, to be registered as broker-dealers with the SEC and to be members of the Financial Industry Regulatory Authority. Certain Funds may impose a sales charge on subscriptions, on a disclosed basis, in order to compensate unaffiliated third-parties who assist in obtaining

subscriptions to such vehicles. In these cases, the sales charge will be deducted from the subscription and will not be treated as part of the investor's capital contribution to the Fund. Alternatively, Adviser may bear such fees or elect to reduce its management fee to the extent of any placement fees borne by the Fund.

#### **ITEM 15 – CUSTODY**

Adviser will not maintain physical possession of the funds or securities of the Funds. Custody of the assets of the Funds will be maintained with a qualified custodian selected by Adviser in its sole discretion, which selection may change from time to time without the consent of investors in the Funds. A rule under the Advisers Act provides that general partners, as applicable, of a Fund are considered to have “custody” of a Fund's assets, even though independent, qualified custodians actually hold those assets. That rule generally requires investment advisers to cause certain account statements detailing holdings and transactions to be sent to investors, and imposes certain other obligations. However, advisers to investment funds like a Fund need not comply with those requirements if, among other things, a Fund provides investors with audited financial statements by a specified time each year and those financial statements meet certain requirements. Adviser satisfies those conditions and therefore is not subject to reporting and other obligations.

#### **ITEM 16 – INVESTMENT DISCRETION**

Subject to any investment restrictions set forth in the governing documents of a Fund and the direction and control of the general partner of the Fund, Adviser has discretionary authority to determine the securities that are to be bought or sold and the total amount of the securities to be bought or sold on behalf of a Fund. Adviser assumes discretionary authority to manage the Funds through the execution of investment management agreements or through the governing documents of the Funds (e.g., limited partnership agreements).

#### **ITEM 17 – VOTING CLIENT SECURITIES**

Adviser does not exercise voting authority with respect to any portfolio securities held by a Fund; instead, such voting authority is expected to be exercised by the general partner of each Fund. In addition, Adviser does not take any action with respect to shareholder actions (including those relating to class actions, bankruptcy or reorganizations) that may be required or solicited with respect to portfolio securities held by a Fund; instead, such actions with respect to shareholder actions are expected to be taken by the general partner of each Fund. The general partner of each Fund is expected to vote proxies or similar corporate actions in the best interests of the applicable Fund, taking into account such factors as it deems relevant in its sole discretion.

#### **ITEM 18 – FINANCIAL INFORMATION**

Adviser has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to the clients, and has not been the subject of a bankruptcy petition. Adviser does not require nor solicit prepayment of more than \$1200 in fees per client, six months or more in advance and therefore does not need to include a balance sheet with this Brochure.

**ITEM 19 – REQUIREMENTS FOR STATE-REGISTERED ADVISERS**

This Item 19 is not applicable to Adviser.