

JZ Partners, LLC

9 West 57th Street Telephone: (212) 485-9410
33rd Floor
New York, NY 10019

Form ADV Part 2 — March 29, 2023

Item 1 – Cover Page

This brochure provides information about the qualifications and business practices of JZ Partners, LLC. If you have any questions about the contents of this brochure, please contact us at (212) 485-9410. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about JZ Partners, LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

This brochure has been updated since the last updating amendment, filed April 11, 2022, to reflect the following material changes:

Item 8 has been revised to reflect updates to certain risk factors.

Item 9 has been revised to reflect updates regarding a lawsuit filed on March 16, 2022.

Please note that this Item 2 references only material changes and that other changes appear throughout this ADV Part 2 brochure.

Clients (as of the date of this brochure, JZ Capital Partners Limited (“**JZCP**”), EuroMicrocap Fund 2010, L.P. (“**EMF**”), JZI Fund III, L.P. (“**Fund III**”), JZHL Secondary Fund LP (“**JZHL**”) and Fund A, L.P. (together with its parallel funds, “**Fund A**”)) will receive a summary of any material changes to this ADV Part 2 and subsequent Brochures within 120 days of the close of our fiscal year. We may also provide clients with additional updates or other disclosure information at other times during the year in the event of any material changes to our business.

You may request the most recent version of this brochure by contacting our chief compliance officer, Sang Lee, at (212) 485-9410.

Item 3 – Table of Contents

Item 1 – Cover Page	i
Item 2 – Material Changes.....	ii
Item 3 – Table of Contents	iii
Item 4 – Advisory Business.....	1
Item 5 – Fees and Compensation.....	1
Item 6 – Performance-Based Fees and Side-By-Side Management	4
Item 7 – Types of Clients.....	5
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss.....	6
Item 9 – Disciplinary Information	9
Item 10 – Other Financial Industry Activities and Affiliations	10
Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	11
Item 12 – Brokerage Practices.....	12
Item 13 – Review of Accounts	12
Item 14 – Client Referrals and Other Compensation.....	13
Item 15 – Custody.....	13
Item 16 – Investment Discretion.....	14
Item 17 – Voting Client Securities	14
Item 18 – Financial Information	14

Item 4 – Advisory Business

Jordan/Zalaznick Advisers, Inc. (d/b/a JZ Partners, LLC) (together with its relying advisers, the “**Registrant**”), along with certain affiliated entities that serve as general partners to private equity funds (collectively, “**JZAI**,” “**us**,” or “**we**”), provides investment advisory and other services. The Registrant was founded in December 1986 by David W. Zalaznick and John W. Jordan II, who are the sole owners of the firm. Mr. Zalaznick is the firm’s Chairman, while Mr. Jordan is an investor in the firm (having previously served as its president).

We serve as the manager for JZCP, an investment fund publicly listed outside the United States, and as the management company and general partner for certain private equity collective investment vehicles, including EMF, Fund III, JZHL and Fund A (collectively with JZCP, the “**Funds**”). The Funds may make both equity and debt investments, depending upon the circumstances. As part of our activities on behalf of the Funds, we:

- Identify investment opportunities;
- Structure investments;
- Monitor, evaluate and make decisions regarding the timing and disposition of investments; and
- Provide other related services.

As of the date of this brochure, JZAI had approximately \$946,379,598 in regulatory assets under management (in respect of unfunded capital commitments and invested capital) in relation to the Funds to which it provides advice on a discretionary basis. We do not provide non-discretionary advice to the Funds.

Throughout this brochure, we disclose conflicts of interest and provide summaries of a number of our policies and procedures designed to detect and address these conflicts and others. In addition, conflicts of interest and specific risks are identified in the organizational / offering documents of Funds that we manage. Certain investment limitations for the Funds are also set out in their organizational documents. Please request a copy of the relevant Fund’s most current organizational / offering documents for a description of other conflicts and risks that might exist, and the relevant investment limitations.

Item 5 – Fees and Compensation

For services provided to JZCP, we are compensated in accordance with the JZCP Advisory Agreement, which, in relevant part, is briefly summarized below. For services provided to each other Fund, the Fund pays us a management fee, typically calculated as a percentage of assets under management, commitments and/or capital investments under management (provided that JZHL and EMF do not pay us a management fee), a performance-based fee, whether in the form of carried interest or otherwise, transaction fees, break-up fees, and commitment fees.

Management Fees

JZCP

Pursuant to the JZCP Advisory Agreement, JZCP pays us a quarterly base management fee calculated at an annual rate of 1.5% of JZCP’s gross assets (excluding certain assets specified in the JZCP Advisory Agreement) for each quarterly period.

The base management fee is payable in arrears upon the earlier of (1) the 45th day following the end of the applicable fiscal quarter and (2) the finalization of the financial statements of JZCP for such fiscal quarter; provided that the JZCP Advisory Agreement provides that payments in advance on account of the base management fee may be made.

Fund A, L.P.

Fund A, L.P. pays us a management fee up to the amount specified in Fund A L.P.'s organizational documents. During the "commitment period" of Fund A, L.P., the fee is typically equal to 2.5% of the aggregate capital commitment of the Fund's investors, and after the commitment periods ends (or upon such other events as may be specified in each Fund's organizational documents), the fee is 0.75% of invested capital, subject to any fee offsets described in the organizational documents. Mr. Zalaznick and other investors who invest in Fund A, L.P. through the general partner of Fund A, L.P. do not pay management fees.

The management fee is accrued and payable in advance; typically it is called 3-4 months in advance, but never 6 months or more in advance. In the event of an early termination of Fund A, L.P. we will return to Fund A, L.P. the proportionate amount of the management fee for the portion of the semi-annual period after the termination date. Management fees are not negotiable.

EMF and JZHL

EMF and JZHL do not pay us a management fee.

Fund III

Fund III pays us a management fee up to the amount specified in Fund III's organizational documents. During the "commitment period" of Fund III, the fee is typically equal to 2.0% of the aggregate capital commitment of the Fund's investors, and after the commitment periods ends (or upon such other events as may be specified in each Fund's organizational documents), the fee is 1.0% of invested capital, subject in both periods to any fee offsets described in the organizational documents. Mr. Zalaznick and other investors, including JZCP, who invest in Fund III through the general partner of Fund III do not pay management fees.

The management fee is accrued and payable in advance; during each quarterly period beginning from and after the effective date of Fund III and continuing throughout the term of Fund III, Fund III will generally pay us a quarterly fee in advance on the first day of each respective quarterly period.

Transaction Fees, Break-Up Fees, Commitment Fees, and Monitoring Fees

JZCP

With respect to JZCP, pursuant to the JZCP Advisory Agreement, we may earn:

- In the case of an acquisition, a fee payable by the company of up to 2% of the total acquisition price (including any deferred or other consideration and transaction costs).
- In the case of a disposal, a fee of up to 2% of either (i) the total sale proceeds on a sale of the equity capital or all or substantially all the assets of a portfolio company or (ii) the total market capitalization of a company on a listing on a public market, to be paid by the portfolio company or its shareholders.
- Monitoring fees, to be negotiated at the date of each relevant acquisition, payable by the applicable portfolio company and not exceeding 3% per annum of the net income of such portfolio company before interest, depreciation, taxes, amortization and other non-cash charges of the company as shown by the latest quarterly or other accounts of such portfolio company (audited if annual and available). On a deal-by-deal basis, when we believe it is standard in the industry of the portfolio company and appropriate under the circumstances, we may include provisions in the consultancy arrangement under which the fees that would be due to us over an extended period of time would become immediately due and payable by the applicable portfolio company. These provisions, which are generally triggered in the event of a sale of the portfolio company by JZCP, may, in the aggregate, result in substantial payments to us, and will reduce the value of the portfolio company and reduce the proceeds received by JZCP.

- Directors' fees from a company in respect of a maximum of four persons and not exceeding \$90,000 per annum in aggregate.
- Without duplication of any of the foregoing, reasonable transaction advisory fees in connection with specific events (such as, for example, refinancings, securities offerings and business acquisitions and dispositions) for which fees are customarily payable to third party advisors.

Fund A

With respect to Fund A, we may earn (1) break-up and similar fees with respect to potential investments that are not ultimately completed, (2) transaction, commitment and similar fees with respect to transactions that are consummated, and (3) monitoring fees in connection with certain of our personnel serving as directors or advisors to portfolio companies. The amount and determination of these fees are disclosed in the organizational documents for the relevant Fund. With respect to monitoring fees, on a deal-by-deal basis, when we believe it is standard in the industry of the portfolio company and appropriate under the circumstances, we may include provisions in the consultancy arrangement under which the fees that would be due to us over an extended period of time would become immediately due and payable by the applicable portfolio company. These provisions, which are generally triggered in the event of a sale of the portfolio company by Fund A, may, in the aggregate, result in substantial payments to us, and will reduce the value of the portfolio company and reduce the proceeds received by Fund A.

These fees are determined by us on a transaction by transaction basis, and are generally calculated based on the total enterprise, transaction or financing value of the portfolio company involved in the transaction (or potential transaction, as applicable). These fees are paid directly to us by the Funds' portfolio companies (or potential portfolio companies).

Break-up fees, transaction fees and commitment fees are payable upon the failure of the transaction to conclude, or the consummation of the transaction, as applicable; monitoring fees are payable on terms set out in agreements between us and Fund portfolio companies related to the business and financial advisory services that we or our personnel will provide to the portfolio companies.

The management fees paid by Fund A are reduced by a portion of any transaction, break-up fees, commitment fees, and monitoring fees we receive. The amount of this reduction for Fund A is 80%. The amount of these fee offsets are also disclosed to investors in Fund A's annual report. We encourage Fund investors to review the organizational documents of their Fund for additional information regarding the terms applicable to their Fund.

JZHL and EMF

With respect to JZHL and EMF, we may earn (1) break-up and similar fees with respect to potential investments that are not ultimately completed, (2) transaction, commitment and similar fees with respect to transactions that are consummated and (3) monitoring fees in connection with certain of our personnel serving as directors or advisors to portfolio companies.

Fund III

With respect to Fund III, we may earn (1) break-up and similar fees with respect to potential investments that are not ultimately completed, (2) transaction, commitment and similar fees with respect to transactions that are consummated and (3) monitoring fees in connection with certain of our personnel serving as directors or advisors to portfolio companies.

Management fees are reduced, but not below zero, by an amount equal to the sum of (a) 100% of Fund III's pro-rata share (excluding the GP) of all advisory fees, topping and break-up fees, and transaction fees, and (b) 100% of the investor's capital contributions used to pay placement fees and any organizational expenses in excess of €1,000,000 (excluding the GP). The amount of these fee offsets are also disclosed to investors in Fund III's annual report. We encourage Fund investors to review the organizational documents of their Fund for additional information regarding the terms applicable to their Fund.

Additional Expenses

The investment strategies we employ for the Funds generally do not involve the purchase or sale of publicly offered securities, and as such, does not typically entail expenses related to brokerage commissions, although occasionally public securities may be used as investments and related brokerage and other expenses may arise. Please refer to Item 12 for additional information regarding the factors we consider in selecting broker-dealers and other service providers for transactions, and in determining the reasonableness of their compensation.

In addition, the investment strategies we employ for the Funds may involve expenses paid by the Funds that are related to legal, tax, regulatory and other issues, as well as the costs of other service providers and intermediaries, such as investment banks, that may be involved in the purchase or divestment of Fund portfolio holdings.

Our fees are exclusive of these costs, as well as other transaction fees, custodial fees, organizational costs, and other related costs and expenses, all of which are incurred by the Funds (either directly, or indirectly if the expenses are paid by the Fund's portfolio companies). In addition, Funds also bear expenses of the Funds' administrator(s) and certain other service providers.

Related Matters:

Transaction Fees. Because we generally receive transaction fees based on investments and dispositions of certain of the Funds' portfolio holdings, we may have an incentive to make investments, or to divest portfolio holdings, under circumstances that may not in the best interest of a Fund or its investors. However, we believe our interests generally align with other investors in the Funds because Mr. Zalaznick is a major investor in each Fund, and, additionally in the case of Fund A and Fund III, such fees are shared with its other investors through a fee offset. The greater the proceeds of the sale of a portfolio holding, the greater the gains by the Fund, and the greater fees we receive. Nonetheless, if we determine that a conflict exists, or may be perceived to exist, we bring the issue to the attention of the relevant Fund's limited partner advisory committee ("**LPAC**," composed of certain unaffiliated Fund investors) or Board of Directors (in the case of JZCP) for its approval (although EMF does not have an LPAC). In the case of EMF, we default to the Board of Directors of JZCP as JZCP is a 75% limited partner in EMF.

Alternative Investment Vehicles. With respect to the Funds, sometimes certain Fund investors, for legal, regulatory, or tax reasons, would be disadvantaged if an investment was made directly in a portfolio investment by their Fund. In these circumstances, we may permit these investors to invest alongside the Fund, on the same terms as the Fund, through an alternative investment vehicle ("**AIV**"). Fund investors that invest through an AIV pay the same portion of fees and expenses as they would have if they had invested through the Fund, and have their capital commitment to the Fund reduced by the amount of assets invested through the AIV(s).

Parallel Funds. With respect to Fund A, JZHL, EMF and Fund III, sometimes instead of creating AIVs, we may determine to create parallel funds or feeder funds that provide investors with the same economic experience as they would have had they invested in the main fund to which it relates, except as required to differ based on legal, regulatory or tax reasons (each such Fund, a "**Parallel Fund**"). Except as specifically noted in this brochure, we treat Parallel Funds, and the main Funds to which they relate, equally in all respects.

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

As noted in Item 5 above, the Funds pay us certain performance-based fees. For services provided to JZCP, we are paid performance based fees in accordance with the JZCP Advisory Agreement, which, in relevant part, is briefly summarized below. In the case of Fund A, JZHL and Fund III, there is a preferred return to investors, and in the case of JZCP, there is an income incentive fee of 2% per fiscal quarter on interest and dividend income in excess of a hurdle rate specified in the JZCP Advisory Agreement. Our receipt of performance-based fees is subject to the limitations of the JZCP Advisory Agreement and the constituent documents of each other Fund. Generally, such fees are 20% of the net proceeds from the divestment of a Fund's portfolio holdings after the return of capital and applicable fees and expenses, except that: in the case of JZCP, there is no return of fees and expenses; in the case of JZCP and EMF, such fees are subject to a cumulative "high water mark"; and, in the case of Fund A, JZHL and Fund III, such fees are subject to a preferred return. Because JZCP invests in other funds managed by us, JZCP's

investments in these funds are structured to avoid charging duplicative management fees or performance-based fees. Currently, our receipt of performance-based fees from JZCP based on capital gains is subject to a contractual waiver, and as a result, we do not anticipate receiving performance-based fees from JZCP based on capital gains until such time that JZCP's Board of Directors and JZAI mutually agree to reinstate such fees. Our receipt of performance-based income is in accordance with Section 205 and Rule 205-3 under the Investment Advisers Act of 1940 (the "**Advisers Act**").

However, because all Funds pay us roughly equivalent performance-based fees, we generally believe that we do not face conflicts related to the side-by-side management of accounts which do pay performance-based fees along with accounts that do not. With respect to Parallel Funds, this potential conflict is addressed because each Parallel Fund invests *pro rata* alongside the main Fund to which it relates.

This potential conflict is also mitigated because many of our Funds do not have investment strategies, lifecycles and objectives that overlap—often an investment suitable for one Fund would not be within the investment strategy of another; provided that the investment strategies of JZCP and Fund A do overlap as to micro-cap investments that are made side-by-side pursuant to the terms of a memorandum of understanding that is approved by JZCP's shareholders and fully disclosed to Fund A's investors (the "**MOU**"). When we determine, subject to the MOU, that a potential equity investment would be recommended to both JZCP and Fund A, each such Fund will generally participate alongside each other, *pro rata* based upon allocable equity capital (taking appropriate account of capital allocated, set aside, or reserved for other purposes). As such, we believe that we rarely face conflicts that would raise the possibility of unfair treatment among our Fund clients.

As of December 31, 2022, Fund A has effectively run out of capital commitments. As such, Fund A will no longer be participating in new platform investments alongside JZCP. Fund A may continue to participate in follow-on investments in Fund A portfolio companies, in a smaller percentage than that set forth in the MOU. Fund A's internal allocation between Fund A, L.P. and its three parallel funds will continue in the same *pro rata* percentage as before.

From time to time we may, if we determine in our reasonable good faith discretion, permit certain strategic investors (which may include existing Fund investors, third party funds and advisers, and other strategic investors) ("**Co-Investors**") to invest in a potential investment alongside a Fund through a co-investment vehicle ("**Co-Investment Vehicle**"). We will typically seek out Co-Investors if we do not believe that a Fund should purchase all the securities available for purchase in connection with a portfolio investment based on various factors, such as: the risk level of the potential investment; capital available for investment; portfolio diversification; capital requirements; or other reasons.

In the event that additional capital investment is called for after an initial investment is made alongside a Fund, Co-Investors generally have the right (but not the obligation) to invest additional capital through their Co-Investment Vehicle *pro rata* with the Fund based on the size of their original investments (or else be diluted). We strive to ensure that the Funds purchase securities on terms that are no less advantageous than the terms on which such Fund's Co-Investors make their purchase of securities. Further, we also try to ensure that the terms of the co-investment provide that Co-Investors must dispose of any securities of the applicable portfolio company that are the same as those purchased by a Fund at the same time and on the same economic terms and conditions as the Fund.

We generally do not receive compensation from Co-Investors or their Co-Investment Vehicles, which mitigates our incentive to favor Co-Investors over the Funds, or to provide investment opportunities to Co-Investors in amounts greater than we believe necessary or appropriate in light of the Fund's investment or potential investment. Nonetheless, we may develop goodwill through making co-investment opportunities available, including goodwill with current Fund investors who may be solicited to invest in any new Funds we organize in the future.

Item 7 – Types of Clients

As noted in Item 4 above, we provide portfolio management services to the Funds (which may be organized as domestic or foreign partnerships, corporations, or other incorporated or unincorporated entities). JZCP is currently

listed on a non-U.S. stock exchange and is publicly traded in that jurisdiction; different requirements apply to transactions with JZCP compared to the other Funds.

The JZCP Advisory Agreement may be terminated by either party upon not less than two and one-half years' prior notice to the other party.

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

In managing the Funds, our primary strategy is to create a portfolio of investments in businesses primarily in (1) the United States and Europe, in the case of JZCP, (2) the United States, in the case of Fund A and JZHL, and (3) in Europe, in the case of EMF and Fund III. This may involve equity or debt investments, depending upon the circumstances of each company. In micro-cap buyouts of smaller companies, we may make debt and equity investments for JZCP, JZHL, EMF and Fund III and equity investments for Fund A. In the case of JZCP, its investment strategy may also include:

Real Estate Investment Opportunities. We seek to make investments in real estate and real estate-linked investments.

Mezzanine Investments. These transactions are comprised of loans and high-yield securities that we believe will provide current income with the potential for capital appreciation through equity participations.

Listed Bank Debt. These transactions include both senior secured debt and second lien loans, which provide income and can provide capital appreciation if purchased below par value.

Other Debt and Equity Opportunities. These transactions can include distressed debt and structured financings, derivatives and opportunistic purchases of publicly traded securities (directly, or through collective investment vehicles).

Risks of Investing:

Investing in securities involves risk of loss that the Funds' investors should be prepared to bear. Some of the primary risks involved in the investment strategies we employ for the Funds include:

Illiquid Investments. Many of the investments made as part of our strategy are illiquid. Our ability to sell the Funds' investments in micro-cap buyouts, real estate investments, mezzanine loans, high-yield securities, senior secured debt and second lien loans, and other debt and equity opportunities at short notice or to receive a fair price in response to economic and other conditions may be limited. Any securities and loans which we may purchase for the Funds in connection with privately negotiated transactions may be subject to contractual or other restrictions on transfers and may not be registered under relevant securities laws, resulting in restrictions on their transfer, sale, pledge or other disposition except in a transaction that is exempt from the registration requirements of, or is otherwise in accordance with, those laws. These restrictions may adversely affect the marketability and liquidity of the Funds' investments.

Senior secured debt, mezzanine loans and second lien loans are typically issued as private loans which have no, or a limited, trading market and therefore such investments will be illiquid. In addition, where there is not a readily available market for these investments, the ability to deal in any such investment or obtain reliable information about the secondary market value of such investment or risks to which such investment is exposed may be limited. As a result of this illiquidity, the ability to sell such investments on short notice or to receive a fair price in response to changes in economic and other conditions may be limited.

Limited Number of Investments. While we generally seek to diversify JZCP's portfolio across various sectors, our investment strategy for Fund A, JZHL, EMF and Fund III involves ownership of a relatively limited number of investments at any one time.

Risks Investing in Companies that Have Been Involved in Private Equity or Venture Capital Financing. Many of the debt and equity investments made as part of our strategy are made in companies that have been subject to private equity or venture capital type buy-outs, which are exposed to significant risks. Such risks include the following:

- These companies may be highly leveraged and subject to significant debt service obligations, stringent operating and financial covenants and/or risks of default under financing and other contractual arrangements, which could trigger severe adverse consequences for the company and for the value of a Fund's investment in such company if a default were to occur;
- These companies may have limited financial resources, especially if they are "distressed companies," and may be unable to meet their obligations under their securities, which may be accompanied by a deterioration in the value of their equity securities or any collateral or guarantees provided with respect to their debt;
- These companies typically have shorter operating histories, narrower product lines and smaller market shares than larger businesses, which tend to render them more vulnerable to competitors' actions and market conditions, as well as general economic downturns;
- These companies are more likely to depend on the management talents and efforts of a small group of people and, as a result, the death, disability, resignation or termination of one or more of those people could have a material adverse impact on their business and prospects and the investment made;
- These companies generally have less predictable operating results, may from time to time be parties to litigation, may be engaged in rapidly changing businesses with products subject to a substantial risk of obsolescence and may require substantial additional capital to support their operations, finance expansion or maintain their competitive position; and
- Executive officers, directors and the employees of these companies may be named as defendants in litigation which may be expensive or distracting.

Risks of Investing in Real Estate. Investments in real property are subject to varying degrees of risk. Real estate values are affected by a number of factors, including, but not limited to changes in the general economic climate, local conditions, the quality and philosophy of management, competition based on rental rates, attractiveness and location of the properties, physical condition of the properties, financial condition of buyers and sellers of properties, quality of maintenance, insurance and management services, and changes in operating costs. If investments do not generate sufficient revenues or proceeds to meet their operating expenses, including debt service and capital expenditures, a Fund's cash flow may be adversely affected. Real estate historically has experienced significant fluctuations and cycles in value and a Fund may buy and/or sell investments at less than optimal times. Real estate values are also affected by such factors as government regulations (including those governing usage, improvements, zoning and taxes); interest rate levels; the availability of financing; participation by other investors in the financial markets; potential liability under changing laws; acts of God, including earthquakes, hurricanes and other natural disasters; outbreaks of infectious disease, pandemics, or other significant public health concerns; acts of war; and acts of terrorism (any of which may result in uninsured losses).

Risks of Investing in Senior Secured Debt, Mezzanine and Second Lien Loans, High-Yield Securities and Other Debt. Our investment strategy may involve investments in senior secured debt, mezzanine and second lien loans, high-yield securities and other debt and fixed income securities. A wide range of factors could adversely affect the ability of borrowers to make interest or other payments on such loans and securities. These factors include adverse changes in the financial condition of those borrowers, or the industries or regions in which they operate; systemic risk in the financial system; changes in law and taxation; a downturn in general economic conditions; changes in interest rates, governmental regulations or other policies and natural disasters, outbreaks of infectious disease, pandemics, or other significant public health concerns, terrorism, social unrest and civil disturbances.

The value of a Fund's debt investments may be affected by unscheduled prepayments. The terms of most debt investments permit the borrower to pre-pay the loan at will or require the loan to be prepaid on the occurrence of

certain events. Additionally, a borrower may be entitled to require a lender to be replaced with another lender if the borrower is required to deduct withholding tax from payments made to that lender. Unscheduled prepayments are influenced by changes in interest rates and a variety of economic, geographic and other factors beyond our control and consequently cannot be predicted with certainty.

Risks of Investing in Subordinated Debt. Mezzanine and second lien loans are typically subordinated in right of payment and rank junior to senior obligations. Such mezzanine and second lien loans have substantially greater credit and recovery risk than more highly rated debt obligations. Many portfolio companies will be highly leveraged, thus increasing the risk that their operations may not generate sufficient cash flow to service all of their debt obligations. In the event of default by an issuer in relation to such loans, holders of the issuer's more senior debt will be entitled to payments in priority to holders of mezzanine and second lien loans and high-yield securities. Senior lenders will typically be entitled to block payments on mezzanine and second lien loans and high-yield securities if there is a senior payment or other default. There may also be structural subordination features that divert payments of interest and principal to more senior classes of debt. Second priority liens on collateral securing loans may be subject to control by senior creditors with first priority liens. If there is a default, the value of the collateral may not be sufficient to repay in full both the first priority creditors and the Funds, as holders of a second priority lien.

Investors in subordinated securities or loans are generally subject to inter-creditor arrangements under which they do not have the right to call a default or may be limited in their right to call a default or vote on remedies following a default unless more senior securities or loans have been paid in full. As a result, a shortfall in payment to investors in subordinated securities or loans may not result in the default being declared on the relevant investment.

Some mezzanine and second lien loans do not entitle the holder(s) to interest payable in cash. For these investments, the interest is rolled up and capitalized into the loan. Such loans have substantial credit risk as there is no return to the holder of the loan until the loan, plus all the interest, is repaid in full.

Investing Without Control. Our investment strategy generally involves making investments that result in having control of portfolio companies. However, from time to time, we may make investments that do not result in the Funds holding a controlling stake in portfolio companies, even though the terms of investment may impose certain restrictive covenants on portfolio companies. When the Funds invest in portfolio companies they do not control, they are subject to the risk that a portfolio company may make business decisions that we disagree with, if those decisions are not strictly prohibited by a restrictive covenant.

Some investments may be "club" investments in which two or more private equity firms serve together or collectively as equity sponsors. In club deals, other equity sponsors usually have governance rights and may pursue investment approaches with which we may not concur. Funds may not be able to realize some or all of the benefits that we believe will be created in such investments, and we may be unable to exit any such investment at a time when we believe it is beneficial to do so.

Where a Fund has a debt investment in such a portfolio company, the management of such company, as representatives of the holders of their common equity, may take risks or otherwise act in ways that do not serve the Fund's interests as a debt investor. As a result, a portfolio company may make decisions that could decrease the value of the Fund's investment.

Coronavirus and Public Health Emergencies. In late 2019, an outbreak of a novel and highly contagious form of coronavirus ("COVID-19") occurred and affected over 200 countries globally. The outbreak of COVID-19 resulted in numerous deaths, and many governments reacted by instituting quarantines, curfews, prohibitions on travel and the closure of offices, businesses, schools, retail stores, and other public venues, including certain infrastructure structures and facilities. In some instances, measures adopted to restrict the spread of COVID-19 continue to have, a material and adverse impact on global commercial activity, markets, and economies, and have contributed to market volatility. It remains uncertain what the impact of COVID-19 (and the impact of measures put in place to restrict its spread) will be in the long term.

Any public health emergency, including any outbreak of COVID-19 or other existing or new epidemic diseases, or the threat thereof, could have a significant adverse impact on a client and its investments and could adversely affect

a client's ability to fulfill its investment objectives. The extent of the impact of any public health emergency on the operational and financial performance of a client 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 a client's investments as well as the ability of a client and source, manage and divest investments and achieve its investment objectives, all of which could result in significant losses to the client. In addition, the operations of a client, its investments and the registrant may be significantly impacted, or even halted, either temporarily or on a long-term basis, as a result of government quarantine and curfew measures, voluntary and precautionary restrictions on travel or meetings and other factors related to a public health emergency, including its potential adverse impact on the health of any such entity's personnel.

Other Risks:

Funds may also be subject to material risks that are not described above. Additional risks are disclosed in the organizational / offering documents of each Fund. We encourage Fund investors to carefully review the full description of risk factors presented in their Fund's organizational / offering documents.

Recent turmoil in the banking sector has affected financial institutions globally. Although we continue to monitor the Funds' custodial arrangements and intend to take such steps as we deem necessary to ensure the safeguarding of Fund assets of which we are deemed to have "custody" within the meaning of the Advisers Act, there can be no certainty as to how the current instability may affect other institutions that hold or effect transactions in Fund assets or whether the value of the Funds' assets may be negatively affected as a consequence.

Methods of Analysis:

JZAI calls upon the experience of its team in sourcing, negotiating, closing, following and ultimately disposing of the Funds' investments. Analysis includes financial modeling, comparable analysis, macro and micro economic due diligence and other relevant activities. We negotiate and close transactions, identifying and attempting to mitigate potential negative issues. Following investments involves gathering and reviewing monthly, quarterly or semi-annual financial statements, meeting with the management teams of portfolio companies, and other activities. Disposing of investments includes finding, negotiating and closing sales and other dispositions of these investments in which we have significant board representation.

Inside Information. We may from time to time come into the possession of material non-public information regarding a company in the course of pursuing a transaction on behalf of a Fund. Under the federal securities laws, we may be prohibited from acting on that information under certain circumstances. Accordingly, a Fund may be prohibited from purchasing interests in the company, or may be required to continue to hold interests already held, for the period in which we remain in possession of material non-public information.

Item 9 – Disciplinary Information

Form ADV Part 2 requires investment advisers such as JZAI to disclose legal or disciplinary events involving the firm or our partners, officers, or principals that are material to your evaluation of our advisory business or the integrity of our management. On March 16, 2022, JZ International, LLC and EuroMicrocap Fund-B, L.P. ("EMF-B") filed a lawsuit in New York State Supreme Court against Miguel Rueda and Ole Groth, two individuals formerly associated with JZAI's relying advisers JZ Asset Management, LLC and JZ Asset Management UK LLP. The action is styled JZ International LLC v. Miguel Rueda Hernando, Ole Groth, and Stator Management, S.L.U., Index No. 651216/2022. The complaint alleges that Messrs. Rueda and Groth defrauded and conspired to defraud JZ International, LLC and EMF-B, breached their fiduciary duties to them (by, among other things, engaging in self-dealing), and secretly converted fund assets to their personal use. The complaint is publicly available. Rueda and Groth were terminated from JZ Asset Management, LLC effective March 16, 2022 and from JZ Asset Management UK LLP effective March 25, 2022. EMF-B settled its claims with the defendants in or about February 2023 and the

court discontinued the action as between EMF-B and the defendants in March 2023 as a result. Thus, JZ International, LLC is the only remaining plaintiff in the action. As of the date of this brochure, JZAI is continuing to investigate the events to which the complaint relates and evaluating measures to protect against such occurrences in the future.

Item 10 – Other Financial Industry Activities and Affiliations

As disclosed elsewhere in this brochure, an affiliated entity that is owned (directly or indirectly) and controlled by Mr. Zalaznick and Mr. Jordan serves as the general partner of each of Fund A, JZHL, EMF and Fund III.

In addition, Mr. Jordan is a founding partner of, and owns a significant interest in, The Jordan Company, L.P. (“**TJC**”), an investment adviser that manages private equity pooled investment vehicles which principally invest in equity interests in medium and larger-sized companies (each a “**TJC Fund**”). Mr. Jordan is not a director or officer of JZAI or TJC. Mr. Jordan and Mr. Zalaznick are also passive investors in one or more TJC Funds. Given JZAI’s focus on smaller companies, real estate and debt investments, our Funds generally are not competing for investment opportunities with TJC. However, we have in the past invested assets of the Funds in debt obligations or preferred equity issued by portfolio companies controlled by a TJC Fund, on a fully disclosed basis. The interests of our Funds, as debtholders, may diverge from the interests of the TJC Fund as an equity holder. To address such conflicts, we have procedures in place requiring that all such transactions are either:

- Made on arms-length, market terms as separately agreed upon by an unaffiliated investor; or
- Approved by JZCP’s Board of Directors or its shareholders, as determined in accordance with applicable laws and regulations.

In addition, TJC and JZAI have established information barriers which are intended to limit the flow of investment information between TJC and JZAI. These information barriers help further address the potential conflicts described above.

Mr. Jordan and Mr. Zalaznick, together with JZCP, have invested in an investment manager, Spruceview Capital Partners LLC (“**Spruceview**”), and one officer of JZAI sits on the board of Spruceview. Spruceview’s strategy involves making investments in third party alternative investment funds on behalf of clients and managing investment funds. In connection with the investment and as a method of protecting our Fund’s interests, Spruceview is required to consult with us with respect to certain matters that affect Spruceview, including with respect to Spruceview’s overall strategy, operations, and other matters. However, we do not have any authority or control over Spruceview’s day-to-day operations, investment decisions or other activities that relate to management of Spruceview’s fund(s). Currently, we sub-lease a portion of our office space in New York to Spruceview personnel. We and Spruceview coordinate certain compliance activities to ensure that the businesses operate independently and limit information sharing.

Formerly, JZAI had a business relationship with a third party investment adviser, Orangewood Partners Management LLC (“**Orangewood**”), under which JZAI provided office space and certain back-office and administrative services to Orangewood. In addition, certain personnel of the Registrant, including Mr. Jordan and Mr. Zalaznick, have invested in one or more funds raised by Orangewood and in some cases may receive a portion of Orangewood’s performance-based fees.

Until April 2022, the Registrant, through relying advisers (most recently, JZEM), served as investment manager to EMF-B and the Side-Car Fund, private funds of which the general partner is a special purpose entity affiliated with the Registrant. On April 4, 2022, the Registrant agreed with EMF-B and the Side-Car Fund that JZEM would no longer serve as their investment adviser, and EMF-B and the Side-Car Fund each entered into a management agreement with a new manager that is not affiliated with the Registrant, Alvarez & Marsal Europe LLP. Under the new management agreement for each of the two funds and amendments to their limited partnership agreements, the Registrant’s affiliate continues to serve as general partner of each fund but delegates its authority to the new unaffiliated manager. Related persons of the Registrant also continue to own limited partnership interests in both EMF-B and the Side-Car Fund. However, the Registrant (including its relying advisers) no longer provides

investment advice to EMF-B or the Side-Car Fund, and such funds are no longer investment advisory clients of the Registrant (including its relying advisers).

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

Code of Ethics and Personal Trading. We strive to adhere to certain standards of conduct based on principles of professionalism, integrity, honesty and trust, and we have adopted a Code of Ethics (the “Code”) to help us meet these standards. The Code incorporates the following principles, among others:

- Dealing fairly and acting in the best interests of clients;
- Taking steps to help ensure that personal securities transactions are conducted consistent with the Code and in such a manner to so as to avoid actual or potential conflicts of interest or any abuse of employees’ position of trust and responsibility; and
- Complying with federal securities laws.

The Code places restrictions on personal trades by certain of our personnel. These personnel are prohibited from participating in initial public offerings, are required to pre-clear all personal securities transactions involving limited offerings, and are prohibited from making personal transactions in securities of companies held by the Funds and certain related securities. Fund investors and prospective investors may receive a copy of the Code upon request by contacting us at the address or telephone number listed on the first page of this document.

Interest in Client Transactions. As noted in Item 10 and elsewhere, one of our affiliated entities serves as the general partner of each of Fund A, JZHL, EMF and Fund III. In addition, many of our personnel invest in the Funds alongside other investors—indeed, many investors might choose not to invest in our Funds if we did not put our own capital at risk. These investments in our Funds may, particularly during the initial raising of a Fund, constitute a significant portion of committed capital before other investors are admitted. As a result, to the extent we engage in a “cross” trade between two client accounts, it may result in a “principal” trade as a result of our high proportionate ownership of some Funds. In any such instance, we conduct these principal trades in accordance with all applicable requirements under the Advisers Act, on a fully disclosed basis and with the consent of the Board of Directors of JZCP, the LPAC of Fund III or JZHL, and/or investors in the affected Funds, to the extent applicable.

With respect to Fund A, JZHL, EMF and Fund III, our personnel are prohibited from divesting their interest in a Fund prior to the Fund’s liquidation so long as they remain employees of JZAI or its affiliates. Mr. Zalaznick and other personnel may divest their interest in JZCP solely in accordance with applicable laws and regulations. We believe our personal investments, in conjunction with these restrictions, help align our interests with those of our investors.

Gifts and Entertainment. In order to provide the quality of services that the Funds and investors expect, it is necessary for us to establish, maintain and enhance relationships with Fund investors and prospective Fund investors, as well as various professionals in the investment industry and the industries of the various portfolio companies held by the Funds, such as attorneys, consultants, investment brokers, investment bankers, and other service providers and professionals (collectively, “**Relationship Parties**”). Establishing meaningful and long-term relationships in these and other areas can be important factors in our ability to source investment opportunities for the Funds, as well as efficiently financing, managing and disposing of Fund assets. We and many Relationship Parties value important and long-standing relationships, and as such, we and our employees may invite, or be invited by, Relationship Parties to participate in activities that could be considered lavish entertainment, such as sporting events, concerts, golf and other outdoor outings and other recreational activities (collectively, “**Events**”).

The primary benefits that we and the Funds receive from our sponsorship and participation in these Events is to originate and further strengthen our relationships with Relationship Parties. We believe that working to have such relationships is important to help ensure that we are provided with the opportunity to capitalize upon active sources of investment opportunities, as well as to receive critical and reliable services and information. While we believe employee sponsorship and participation in these Events is beneficial to the Funds for the reasons described above, our subsequent selection and retention of such Relationship Parties as service providers could be viewed as a form of reimbursement for attending such Events. We recognize and acknowledge our fiduciary duty to the Funds, and as

such, no such Events or activities that we sponsor or participate in are permitted to influence our due diligence process in the acquiring, financing, managing, and disposing of investments or fulfilling our fiduciary duty to the Funds. To address this potential conflict, our policies and procedures require all of our personnel to report their planned sponsorship of and participation in Events, and all other gifts and entertainment involving Relationship Parties, to our Chief Compliance Officer or his designee (“CCO”) for review. The CCO is also required to approve any Events or other gifts in excess of certain thresholds. The CCO may determine to prohibit the sponsorship or participation in any particular Event, or the giving or receipt of any gift, if he believes the Event or gift raises concerns related to the frequency, lavishness or benefit of the Event or the gift. We also have policies and procedures in place to help us monitor, and limit, the political contributions that our personnel make to public officials and candidates for elected office in accordance with the requirements of Rule 206(4)-5 under the Investment Advisers Act of 1940.

Item 12 – Brokerage Practices

The investment strategies we employ for Funds do not generally involve securities transactions that require the use of a broker-dealer—most transactions are instead privately negotiated between us and the target company. However, when disposing of Fund holdings—whether through an initial public offering of the portfolio company, a private resale, or through other means—we may make use of broker-dealers as part of the sale (or in the case of an initial public offering, we may influence the portfolio company’s selection of underwriters). We aim to execute these transactions in a manner that the Fund’s total cost or proceeds in each transaction is the most favorable under the circumstances. We do not consider research provided by broker-dealers in selecting broker-dealers for such transactions, and we do not have any soft dollar arrangements with broker-dealers nor directed brokerage arrangements.

Nonetheless, Fund investors should expect that Fund transactions will generate certain costs, even where we do not use a broker-dealer (e.g., costs incurred related to legal expenses, investment bankers, environmental experts, and other service providers), all of which are borne by the Funds, and not by us.

Trade Aggregation

Because we typically only trade on behalf of a single Fund at any given time, we generally do not have the opportunity to aggregate the purchase or sale of securities for multiple clients. However, to the extent that we enter into a transaction on behalf of a Fund and any Parallel Funds (and one or more AIVs), the transaction is “aggregated” in that each entity participates in the transaction *pro rata* with its interest. Moreover, in the event that two Funds are in their “investment” phase at the same time, as explained in Item 6 above, the Funds will invest alongside each other, *pro rata* (taking appropriate account of capital allocated, set aside, or reserved for other purposes).

Transactions with Fund Investors

We and our affiliates sometimes enter into transactions with certain Fund investors (including allowing them to be Co-Investors, as described in Item 6, above). The terms of these transactions are negotiated on an arm’s-length basis. However, we and our affiliates are subject to a conflict of interest when determining such terms because we may benefit from retaining the investor or providing them an incentive to invest in future Funds.

Item 13 – Review of Accounts

We closely monitor each Fund’s portfolio companies’ progress through regular performance reports, frequent management briefings, board of directors meetings and reviews of monthly and quarterly financial statements. Additionally, portfolio company performance is discussed and reviewed informally at frequent meetings and among our investment professionals on a regular basis. The performance and valuation of each portfolio company is formally reviewed on a regular basis with the respective deal team, which provides our broader investment team with an opportunity to measure the progress of an individual company against our forecasted performance and business plan.

JZCP provides its investors with:

- monthly announcements of the net asset value of JZCP;
- unaudited semi-annual financial statements prepared in accordance with IFRS with (i) descriptive investment information for each JZCP investment and (ii) narrative summary financial information for each JZCP investment; and
- audited annual financial statements prepared in accordance with IFRS with (i) valuations of each JZCP investment as of year-end and (ii) an overview of JZCP's investment activities for such fiscal year, including narrative descriptive investment information of each JZCP investment.

In the case of Fund A, L.P. we provide its investors with:

- unaudited quarterly financial statements prepared in accordance with GAAP;
- audited annual financial statements prepared in accordance with GAAP with valuations of each Fund A, L.P. investment as of year-end; and
- within 180 days after the end of each fiscal year (subject to reasonable delays in the event of late receipt of any necessary financial statements or other information necessary to prepare tax returns), Fund A L.P.'s tax return and its investor's forms K-1.

In the case of EMF, we provide its investors with:

- unaudited quarterly financial statements prepared in accordance with GAAP; and
- audited annual financial statements prepared in accordance with GAAP with valuations of each EMF investment as of year-end, as directed by JZCP's board of directors.

In the case of JZHL and Fund III, we provide each Fund's respective investors with:

- unaudited quarterly financial statements prepared in accordance with GAAP; and
- audited annual financial statements prepared in accordance with GAAP with valuations of each respective Fund's investments as of year-end.

Item 14 – Client Referrals and Other Compensation

As described in Item 5 above, any transaction fees, break-up fees, commitment fees, and monitoring fees we receive are not paid directly by the Funds, but by portfolio companies they hold. These fees are paid pursuant to separate agreements we enter into with portfolio companies to provide certain consulting services to the companies that we believe will ultimately enhance the value of the companies and benefit the Funds.

Item 15 – Custody

With respect to JZCP, custody of JZCP's assets are subject to the terms of the JZCP Advisory Agreement, which provides that all investments made by JZCP shall be registered in JZCP's name and that all stock certificates and other documents of title in respect of such investments are held by a custodian bank approved by JZCP.

With respect to our other Funds, we are deemed to have custody of the Funds' assets because the Registrant is affiliated with each Fund's general partner. As permitted by Advisers Act Rule 206(4)-2, we generally provide these Fund investors with the Fund's annual audited financial statements prepared by an independent public accountant.

Item 16 – Investment Discretion

We generally receive and exercise discretionary authority to manage investments on behalf of the Funds. We typically assume this authority through a contract provision granted or entered into by, or through the constituent documents of, a Fund (or its general partner, if applicable). In the case of JZCP, our discretion is subject to the general supervision by its Board of Directors and, in certain respects, by its stockholders.

Item 17 – Voting Client Securities

Although the investment style we employ for the Funds does not generally give rise to situations that would involve voting proxies, we have adopted proxy voting policies and procedures. We will consider such votes on a case-by-case basis and vote in the manner that we believe serves the best interest of Funds and is consistent with the investment objectives and restrictions of the Funds. In making these decisions, we also consider, among other things

- The impact or potential impact on the value of the returns of the relevant Fund;
- Alignment of interests of the management of the portfolio company with the relevant Fund's interest;
- The ongoing relationship between the relevant Fund and the portfolio companies in which it invests; and
- Industry and business practices.

Our personnel may also sit on the boards of portfolio companies to which we provide non-advisory services and, as such, may exercise voting authority with respect to various issues faced by the portfolio companies. To the extent that we face any real or perceived conflicts of interest in voting on these matters, we may bring the issue to the attention of the relevant Fund's Board of Directors or LPAC, as applicable, for its review. Clients may request a copy of our proxy policies and the proxy voting record relating to their account by contacting us at the address or telephone number listed on the first page of this document.

Item 18 – Financial Information

Form ADV Part 2 requires investment advisers such as JZAI to disclose any financial condition reasonably likely to impair our ability to meet contractual commitments to clients. We have no information to report that is applicable to this item.