

Item 1 – Cover Page



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This brochure provides information about the qualifications and business practices of Ampersand Management LLC (the “Filing Adviser” and, together with its Relying Advisers as defined and listed under Item 4, “Ampersand Management” or “Ampersand”). If you have any questions about the contents of this brochure or our firm, please contact us at 781.239.0700 or by email at info@ampersandcapital.com. Additional information about Ampersand Management is available on the website of the United States Securities and Exchange Commission (“SEC”) at www.adviserinfo.sec.gov. The information in this brochure has not been approved or verified by the SEC or by any state securities authority.

An investment adviser’s registration with the United States Securities and Exchange Commission does not imply a certain level of skill or training.

Item 2 – Material Changes

There have been no material changes since our last annual updating amendment.

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Item 4 – Advisory Business

The Filing Adviser, Ampersand Management LLC, a Delaware limited liability company based in Wellesley, Massachusetts, was founded in 1988 as a spinoff from PaineWebber. Richard A. Charpie, Founder, and Herbert H. Hooper, managing partner, are the Filing Adviser’s principal owners.

The Filing Adviser, either directly or indirectly, controls, or is under common control with, the following advisers (the “Relying Advisers”) that rely on the registration of the Filing Adviser:

- AMP-01 Management Company Limited Liability Company (formed in 2001)
- AMP-06 Management Company Limited Partnership (formed in 2005)
- AMP-11 Management Company Limited Partnership (formed in 2008)
- AMP-14 Management Company Limited Partnership (formed in 2013)
- AMP-18 Management Company Limited Partnership (formed in 2018)
- AMP-20 Management Company Limited Partnership (formed in 2020)
- AMP-CF Management Company Limited Partnership (formed in 2020)
- AMP-22 Management Company Limited Partnership (formed in 2022)

Richard A. Charpie and Herbert H. Hooper are the current managing members of AMP-01 Management Company Limited Liability Company, AMP-06 Management Company Limited Partnership, AMP-11 Management Company Limited Partnership and AMP-14 Management Company Limited Partnership. Herbert H. Hooper is the sole managing member of AMP-18 Management Company Limited Partnership, AMP-20 Management Company Limited Partnership, AMP-CF Management Company Limited Partnership and AMP-22 Management Company Limited Partnership. All persons acting on behalf of such Relying Advisers are subject to the supervision and control of the Filing Adviser. References herein to Ampersand Management, Ampersand, “we” or “us” include the Relying Advisers, unless the context suggests otherwise.

Ampersand provides investment management services to private equity funds (the “Ampersand Funds” or “Funds”), which are privately offered pooled investment vehicles that focus on middle market growth equity investments in the healthcare sector. Within this focus, Ampersand’s targeted direct outreach lead generation process seeks to identify opportunities where it can be the first, and often the sole, institutional investor.

Each Relying Adviser serves as general partner to one of the Funds. The Filing Adviser works with each Relying Adviser to identify investment opportunities for, and participate in decision making pertaining to, the acquisition, management, monitoring and disposition of the portfolio of each Fund. The Relying Advisers have ultimate discretion regarding investment decision-making.

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The Funds generally have an initial term of 10 years¹ and are marketed primarily to institutional investors and high net worth individuals who subscribe for interests in the Funds (the “Limited Partners”). Ampersand provides investment advice directly to the Funds according to each Fund’s investment objectives and not individually to the Limited Partners.

Ampersand’s investments on behalf of the Funds are predominantly in non-public companies, although the Funds occasionally hold public company securities. Ampersand’s investment professionals typically serve on the board of directors of any portfolio company in which the Funds invest (“Portfolio Company” and, collectively, “Portfolio Companies”) and establish additional contractual and operational measures to influence the control and management of such Portfolio Company.

Ampersand, on its own behalf and/or on behalf of a Fund, may enter into a letter agreement or side letter (“Side Letters”) with one or more Limited Partners pursuant to the authority granted to the general partner in the limited partnership agreement. Any Side Letter entered into with a Limited Partner could modify or supplement the terms of the limited partnership agreement with respect to the Limited Partner that is a party to such Side Letter. Side Letters could grant additional rights or benefits to certain Limited Partners that are not available to other Limited Partners, including rights relating to access to information, the treatment of confidential information, co-investment rights, representations or covenants of the general partner, Ampersand or the Fund, restrictions on the disclosure of information, transfers of interests and withdrawal rights.

Certain side letters have included, and in the future could include, a “most-favored nation” or “MFN” clause whereby an investor elects to receive certain rights and benefits granted in other side letters with respect to the Fund. Except to the extent required under a Fund’s offering memorandum, limited partnership agreement, management agreement and/or any other governing documents (together, the “Governing Documents”), Ampersand does not have an obligation to offer any such additional rights, terms or conditions to any other Limited Partner in such Fund. Once invested in a Fund, Limited Partners cannot impose additional investment guidelines or restrictions on the Fund.

At its discretion, Ampersand has engaged and may engage in co-investment opportunities in Portfolio Companies with Limited Partners or other private investors, groups, partnerships or corporations, and strategic collaborations regarding co-investment opportunities with other investors. In connection with any such co-investment opportunity, Ampersand could (a) be entitled to receive management fees, carried interest or other compensation and (b) organize one or more limited partnerships or other investment vehicles to facilitate such transaction.

Ampersand’s services to each of the Funds are further described in each Fund’s Governing Documents, which also detail the various investment restrictions pertinent to each Fund’s investments.

As of December 31, 2022, Ampersand managed approximately \$2.8 billion of regulatory assets on a discretionary basis.

Item 5 – Fees and Compensation

¹ Ampersand CF Limited Partnership’s initial term is five years

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Management Fee

Ampersand provides investment advice, portfolio management services and various administrative services to the Funds pursuant to investment management agreements and other agreements subject to the direction and control of each Fund's general partner. Generally, Ampersand receives a management fee equal to 2.0% per year of the total subscribed capital of the Fund, net of any capital distributions so designated by its general partner and of any investments written off by the Fund as worthless or substantially worthless for tax purposes, both at cost (the "Management Fee"). A lower Management Fee is received based on invested capital for Ampersand CF Limited Partnership. Ampersand deducts the Management Fee monthly in arrears directly from each Fund's account upon notice to the bank.

Performance-Based Fees

The limited partnership agreement of each Fund provides a distribution waterfall in which the net proceeds (profits) realized by the Fund are, in general, allocated to the partners in accordance with their respective interests until all partners have received the return of their committed capital (and in some Funds a preferred return of 8% per annum, simple interest, on net contributed amounts calculated from the date of contribution) and, thereafter, 20% to the general partner and 80% to all partners in accordance with their respective interests, including any applicable preferences. A lower amount of net proceeds (profits) is allocated to the general partner for Ampersand CF Limited Partnership. These distributions are described in more detail in the Governing Documents for the respective Fund initially provided to each Limited Partner when considering an investment. This compensation structure is disclosed to and approved by the Limited Partners at the time of their initial investments.

Additional Fees and Expenses

Ampersand bears the following expenses to the extent provided in the pertinent Governing Documents: (A) all compensation and expenses of Ampersand employees and Advisory Partners, in each case, except as otherwise provided below; (B) all expenses of providing such bookkeeping and clerical services and such office space, equipment and supplies as may reasonably be required by the Fund; and (C) all travel expenses associated with the identification and review of prospective investment opportunities for the Fund.

To the extent specified in each Fund's Governing Documents, each Fund assumes and pays all operating expenses attributable to the Fund's activities, including, but not limited to: (A) all fees and expenses incurred in connection with or otherwise attributable to the organization of the Fund and the general partner, the offer and sale of interests (excluding any placement fees and expenses, but including, without limitation, legal, travel, accounting, filing, capital raising and other similar expenses), the negotiation, execution and delivery of the limited partnership agreement, subscription agreements and any other agreements entered into with any Limited Partner and the implementation or reorganization of the general partner's agreement and related carried interest scheme (collectively, the "Organizational Expenses"), provided, however, that Organizational Expenses in excess of a cap as defined in each Fund's Governing Documents generally will be applied to offset the Management Fee; (B) all fees, costs, expenses, liabilities and obligations relating to its business, activities, investments and operations of the Fund (to the extent not borne by Portfolio Companies or potential Portfolio Companies), (C) placement fees; (D) the fees, costs and expenses related to

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the dissolution and liquidation of the Fund, and the organization, maintenance, dissolution and liquidation of structures put in place to facilitate the Fund's investments; (E) any sales or other taxes, fees or government charges which may be assessed against the Fund and all expenses incurred in connection with any tax audit, investigation, settlement or review of the Fund (subject to certain exceptions as provided in the limited partnership agreement); (F) commissions, finder's fees, brokerage fees or similar charges incurred in connection with the acquisition, holding or disposition of securities (including any merger fees payable to third parties and whether or not any such purchase or sale is consummated); (G) all fees, costs, expenses, liabilities and obligations attributable to finding, structuring, organizing, financing, refinancing, managing, operating, holding, taking public or private, valuing, winding-up, liquidating, dissolving and disposing of the Fund's investments in Portfolio Companies, including (1) compensation and expenses of Operating Partners, Executive Advisors and Executive(s)-in-Residence (2) compensation and expenses of any partners, members, employees or Advisory Partners of Ampersand or its affiliates that are seconded to Portfolio Companies to provide management, accounting, legal or technical services and (3) all reasonable travel expenses of any partners, members, employees or Advisory Partners of Ampersand or its affiliates incurred in connection with consummating, managing (e.g., attending meetings of a Portfolio Company's board or similar governing body) and/or disposing of investments in Portfolio Companies; (H) all fees, costs, expenses, liabilities and obligations incurred by the Fund or Ampersand relating to investment and disposition opportunities for the Fund not consummated (e.g., reverse break-up fees or broken deal expenses), including expenses and costs that would have been allocable to co-investors had such proposed transaction or investment been consummated, if the amount allocable to such co-investors is not paid by such parties; (I) all fees, costs and expenses incurred in connection with the organization, management, operation and termination, dissolution and liquidation of any alternative investment vehicle; (J) costs and expenses of the Advisory Board (as defined and described under Item 11) (including travel-related costs and expenses); (K) the reasonable costs and expenses (including travel-related expenses) of hosting annual or special meetings for the Fund or the Limited Partners; (L) principal and interest on, and all fees, costs, expenses, liabilities and obligations relating to, the Fund's borrowings and guarantees, including the establishment or obtaining of, and borrowings under, any credit facility, line of credit, etc.; (M) all expenses relating to litigation and threatened litigation involving the Fund and indemnification expenses of the Fund, including indemnification obligations to any placement agents and finders in connection with the offer and sale of limited partner interests in the Fund; (N) the out-of-pocket expenses incurred in connection with complying with the provisions in any side letters, including "most favored nations" provisions; (O) expenses attributable to normal and extraordinary investment banking, commercial banking, accounting, appraisal, legal, custodial, depository and registration services provided to the Fund and any expenses attributable to consulting services, including, in each case, services with respect to the proposed purchase or sale of securities by the Fund that are not reimbursed by the issuer of such securities or others (whether or not any such purchase or sale is consummated); (P) expenses associated with outsourcing certain financial reporting and accounting services provided to the Fund; (Q) costs of financial statements and other reports to, and communications with, the partners (including fees, costs and expenses associated with the preparation or distribution of the Fund's financial statements, tax returns, tax estimates and Schedules K-1), as well as costs of all governmental returns, reports and filings (including Section 13 and Section 16 filings under the Securities Exchange Act of 1934, as amended, and any fees and expenses relating in any way to administrative, regulatory, reporting, filing or other compliance requirements contemplated by AIFMD or any similar law, rule or regulation); (R) reasonable premiums for liability or other insurance to protect the Fund, their general partners, the members of the Advisory Board (as defined and described under Item 11) and any of their respective partners,

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members, stockholders, officers, directors, employees, agents or affiliates in connection with the activities of the Fund; (S) costs and expenses for software, subscriptions and other databases for purposes of sourcing and monitoring investments; and (T) all other expenses properly chargeable to the activities of the Fund.

Portfolio Company Remuneration

Ampersand, its principals, any other employees and any affiliates of the foregoing (“Ampersand Related Persons”) are permitted to receive fees, commissions and other compensation from entities other than the Funds; provided, however, that: director’s fees, consulting fees, commitment fees, monitoring fees, break-up fees, transaction fees and success fees or other remuneration (including any options, warrants or other equity securities but excluding reimbursement of expenses for services rendered by Ampersand Related Persons to Portfolio Companies) paid during a fiscal year of the Fund to any Ampersand Related Person by Portfolio Companies for services rendered by such Ampersand Related Person (collectively, “Portfolio Company Remuneration”) shall be used to reduce the Management Fee (but not below zero) by one hundred percent (100%) of such amount, as specified in the applicable Governing Documents.

Portfolio Company Remuneration shall not include (A) any compensation paid to Operating Partners, Executive Advisors and Executives-in-Residence (as described below) in respect of services provided to Portfolio Companies, or (B) any compensation paid to any partner, member, employee or Advisory Partner (also as described below) in respect of services provided to any Portfolio Company by such person to the extent he or she has been seconded to such Portfolio Company to provide management, accounting, legal, or technical services.

Consultants and Apportionment of Expenses

Generally

The limited partnership agreement contains detailed provisions regarding the apportionment of expenses between Ampersand (on the one hand) and the Fund (on the other hand). The apportionment of expenses creates conflicts of interest between Ampersand and the Fund, particularly with respect to the use of employees versus consultants. For example, an individual could be admitted or engaged as a partner or employee of Ampersand (in which case, Ampersand generally would bear the expense of such individual’s salary, etc.) or seconded to, or engaged as a consultant / advisor by, a Portfolio Company (in which case the Fund or the applicable Portfolio Company generally would bear the expense of the compensation or fees paid to such individual). To illustrate further, Ampersand could (i) retain individuals as a consultant, e.g., Operating Partners, Executive Advisors, Executive(s)-in-Residence or other types of consultants or advisors, instead of Ampersand employees or (ii) convert existing Ampersand employees to Operating Partners, Executive Advisors, Executive(s)-in-Residence or other types of consultants or advisors. Ampersand will determine, in its discretion, whether a particular individual will be admitted, engaged or retained as a partner, employee of Ampersand, or as an Operating Partner, Executive Advisor, Executive-in-Residence or some other type of consultant or advisor, with the results that (i) the Fund will bear the Management Fee, which generally will be used to compensate Ampersand employees and Advisory Partners, and (ii) the Portfolio Companies will bear all or some of the compensation for Operating Partners, Executive Advisors, and Executive(s)-in-Residence, which negatively impacts the Fund’s return on any given Portfolio Company investment. In addition, the appropriate level of

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compensation for a consultant or advisor can be difficult to determine, especially if the expertise and services he or she provides are unique and/or tailored to the specific engagement.

Secondment of Partners, Members or Employees

Ampersand may second one or more of its partners, members or employees to Portfolio Companies to provide management, accounting, legal or technical services. Any compensation, fees or expenses of any such seconded partners, members or employees shall be borne by the applicable Portfolio Company and retained by such seconded partner, member or employee without any offset of Management Fees. To the extent any such compensation, fees or expenses are borne by Ampersand, Ampersand expects to seek reimbursement from the Fund or the applicable Portfolio Company for the amounts so paid by Ampersand.

Advisory Partners and Secondment

Ampersand is supported by a team of Advisory Partners that assist Ampersand with lead generation, Portfolio Company development and liquidity realization. Advisory Partners are generally compensated by Ampersand. From time to time, however, Advisory Partners also may be seconded to Portfolio Companies to provide management, accounting, legal or technical services and are compensated by the relevant Portfolio Company. Any fees, compensation or other remuneration received by Advisory Partners seconded to Portfolio Companies shall be retained by such Advisory Partners without any offset of Management Fees. Except with respect to seconded Advisory Partners, any compensation (excluding expense reimbursement) received by an Advisory Partner from a Portfolio Company shall be treated as Portfolio Company Remuneration.

Operating Partners, Executive Advisors and Entrepreneur(s)-in-Residence

Ampersand also has access to a team of Operating Partners, Executive Advisors and Entrepreneur(s)-in-Residence (“EIR(s)”). An Operating Partner assists in sourcing investments, new investment due diligence, serving on Portfolio Company boards, serving as members of the operating management team (e.g., CEO or interim CEO) of Portfolio Companies and/or participating in Ampersand staff and/or annual Limited Partner meetings. An Executive Advisor helps to identify and diligence potential investments, and work with certain existing Ampersand portfolio companies either as a board member or for certain consulting projects. An EIR partners with Ampersand to identify and diligence potential platform investments in which the EIR will typically take a full-time management role. Operating Partners, Executive Advisors and EIRs may receive compensation, directly or indirectly, from the Portfolio Companies or the Fund as described below. Operating Partner, Executive Advisor and EIR compensation includes board fees and/or stock options, expense reimbursement and, if their role extends beyond a traditional board role (e.g. executive chair, CEO, or consulting roles), a consulting agreement consisting of cash compensation and/or equity. Any fees or other remuneration received by any Operating Partners, Executive Advisors and EIRs from a Portfolio Company shall not be considered Portfolio Company Remuneration and shall be retained by such Operating Partners, Executive Advisors or EIRs without offset of Management Fees. To the extent any Operating Partner, Executive Advisors or EIR compensation, fees or expenses are borne by Ampersand, Ampersand expects to seek reimbursement from the Fund or the applicable Portfolio Company for the amounts so paid by Ampersand without any offset of the Management Fee. Ampersand may compensate Operating Partners directly for their work performed on behalf of the Fund (e.g., general sourcing and due diligence, and participating in Ampersand staff and annual

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Limited Partner meetings). Ampersand may also compensate Executive Advisors and EIRs directly for their work performed on behalf of the Fund (e.g., general sourcing and due diligence).

Related Conflicts

Generally, Ampersand expects to have the ability to significantly influence the management of a Portfolio Company, including the ability to influence the decision of whether or not (i) an Ampersand employee will be seconded to a Portfolio Company, or whether or not (ii) an Operating Partner, Executive Advisor or EIR will be retained to serve on the board of directors or as an executive officer or consultant of, that Portfolio Company. As a result of the economic benefit to Ampersand that can arise from having an employee seconded to a Portfolio Company or having an Operating Partner, Executive Advisor or EIR provide services to a Portfolio Company, conflicts arise when Ampersand is determining whether to second an employee to a Portfolio Company or to cause an Operating Partner, Executive Advisor or EIR to provide services to a Portfolio Company, whether in his or her capacity as a consultant, board member or employee. Operating Partners, Executive Advisors and EIRs are not employees of Ampersand. For additional information regarding Executive Advisors and EIRs, see Item 11 below.

Co-Investments and Broken-Deal Expenses

In general, co-investors shall, with respect to any co-investment opportunity, pay their own separate out-of-pocket expenses or fees with respect to any due diligence, legal or accounting review and the administration, management and disposition of such co-investment opportunity, provided that, to the extent negotiated and agreed to by the applicable Portfolio Company, such transaction costs as well as those incurred by the Fund, parallel funds, alternative investment vehicles, existing AMP funds, successor funds and/or other AMP investors, in each case, who participate in such co-investment opportunity, shall be paid by the applicable Portfolio Company with respect to which such co-investment opportunity relates. Notwithstanding the foregoing, in certain circumstances, fees, costs or expenses related to co-investments that are not ultimately consummated, such as broken-deal expenses and reverse break-up fees, may not be borne by co-investors. Any such broken-deal expenses not borne by co-investors will be considered expenses of, and be borne by, the relevant Fund, which payments, like co-investor transaction costs paid by Portfolio Companies, would reduce the Fund's returns.

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

As noted above, Ampersand accepts performance-based compensation (i.e., carried interest allocations) from each of its Funds currently invested or investing in securities. In allocating investment opportunities, there could be incentives to favor Funds with higher potential performance fees or carried interest allocations over Funds with lower potential performance fees or carried interest allocations. Additionally, performance-based fees may create an incentive for Ampersand to make riskier or more speculative investments on behalf of such Fund than would be the case in the absence of this arrangement. To seek to reduce the effect of such incentives, Ampersand has adopted written investment allocation policies pursuant to which it seeks to allocate investment opportunities among the Funds in a fair and equitable manner, as further described under Item 11.

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Item 7 – Types of Clients

Ampersand manages the Funds’ assets and does not provide investment advice to the individual Limited Partners of any Fund. Accordingly, the Funds are considered Ampersand’s “clients” for purposes of the Investment Advisers Act of 1940, as amended (the “Advisers Act”). Interests in the Funds are offered pursuant to applicable exemptions from registration under the Securities Act of 1933, as amended, and the Investment Company Act of 1940, as amended. Limited Partners of the Funds include pension and profit-sharing plans, pooled-investment vehicles, charitable organizations, state and municipal government entities, university endowments, corporations, limited partnerships, limited liability companies, other business entities and high net worth individuals. Each Fund generally requires a minimum investment of \$5 million, which the general partner may waive in its sole discretion.

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

Investment Analysis and Strategy

Ampersand focuses on EBITDA-positive companies that provide products or services within several key healthcare sectors, including laboratory services, laboratory products, contract manufacturing, pharma services and specialty pharma. Ampersand brings significant prior experience to each of these sectors, allowing us to partner with entrepreneurs in taking their companies to the next level.

Ampersand is positioned to invest in companies that combine lower middle market characteristics with growth potential and targets companies with \$10 to \$100 million of revenue and positive EBITDA. Ampersand’s sector-specific networks and targeted lead generation efforts identify opportunities where the competitive universe is smaller and Ampersand’s value added is a key selling point. Since Ampersand is often the first institutional investor, the firm plays a major role in shaping these companies by adding value in many dimensions, most notably by enhancing Portfolio Company management teams and sourcing complementary acquisitions.

Depending on the circumstance, Ampersand will invest in a majority or minority position, equity and/or debt, preferred and/or common equity, and the Portfolio Company may be leveraged or unleveraged, distressed or undistressed. In its implementation of its investment strategy and its management of assets, Ampersand conducts multi-faceted, extensive due diligence, including without limitation, diligence on the following areas: business, financial, costs, assets, accounting, management team, compensation, intellectual property, legal, regulatory, tax, environmental, market and competitive landscape and exit strategies.

Certain Material Risks

The task of identifying investment opportunities and managing such investments is difficult. There can be no assurance that Ampersand will be able to choose, or that a Fund will be able to make and/or realize, any particular investment or that the Funds will be able to generate returns for their Limited Partners. In addition, there can be no assurance that any Limited Partner will receive any distribution from a Fund. Investing in the Funds - an indirect investment in the securities of their Portfolio Companies - involves a risk of loss that Limited Partners should be prepared to bear. Material risks relating to the investment strategies and methods of analysis are described in more detail in the applicable Ampersand Fund’s offering documents, and Ampersand principals are

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available to discuss with potential investors the risks involved in the strategies an Ampersand Fund pursues. Such material risks include those set forth below. Additionally, past performance of Ampersand or the Ampersand Funds is not a guarantee of future results. There can be no assurance that any future Fund's investments will perform as well as those of past Funds.

Concentration in the Healthcare Industry

The Funds' investments are primarily in lower middle-market companies operating in the healthcare industry, with a specific focus on "industrial healthcare". As a result, each Fund's portfolio investments may be sensitive to, and possibly adversely affected by, regulatory, economic or political factors or trends relating to the healthcare industry. No assurance can be given that future declines in the market prices of companies in the healthcare sector will not occur, or that such declines will not adversely affect the performance of the Funds. More generally, each Fund invests in a limited number of companies and, as a consequence, the aggregate return of each Fund may be materially and adversely affected by the unfavorable performance of even a single investment. There can be no assurance that each Fund will be able to find a sufficient number of attractive investments within the healthcare industry to enable the full amount of the Fund's subscribed capital to be invested.

Private Investments

The Funds' investment portfolios will consist primarily of securities issued by privately-held companies, and operating results in a specified period will be difficult to predict. Such investments involve a high degree of technology, management, operational, liquidity, reimbursement, regulatory, liquidity, compliance, business and financial risk which can result in substantial losses. Among those risks are the general risks associated with investing in companies in the expansion or pre-profitable stage. The companies may have obtained capital in the form of debt and/or equity to expand rapidly, reorganize operations, acquire a business or develop new technology, products and markets. These activities, by definition, involve a significant amount of change in a company and could give rise to material challenges in sales, all aspects of operations and general management of those operations.

Illiquidity of Investments

The Funds' investments will generally be highly illiquid and difficult to value in a precise manner. As such, there may be no readily available markets for the securities held by the Funds, and there can be no assurance that the Funds will be able to realize such investments in a timely manner. The securities purchased by a Fund typically will have been issued in private placement transactions and thus may also be subject to legal or contractual restrictions on resale by a Fund. In addition, whether any value will be realized from any investments will not be known with any certainty until Ampersand elects, in its sole discretion, to sell the investments of the Funds and subsequently distribute the proceeds to the investors or to distribute securities to investors in lieu of cash. Also, since a Fund may only make a limited number of investments and since many of the investments of the Funds may involve a high degree of risk, poor performance by a few of the investments could severely affect the total returns to the investors.

In addition, the limited partner interests acquired by the Limited Partners are highly illiquid. No market exists for the Interests, and none is expected to develop.

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Publicly Traded Investments

Although the Ampersand Funds primarily make investments in privately held companies, they may at times also invest directly, or hold equity investments (typically minority stakes) in public companies, such as might occur if a Portfolio Company is taken public. As is the case with minority holdings in general, such minority investments that a Fund may hold will have neither the control characteristics of majority investments nor the valuation premiums accorded majority or controlling stakes. In addition, investments in securities of publicly-traded companies may be sensitive to movements in the stock market and trends in the overall economy.

Concentration of Investments

While diversification is generally a Fund objective, there is no assurance as to the degree of diversification that will actually be achieved in a Fund's investments.

Because a substantial portion of certain Funds' committed capital may be invested in a single Portfolio Company, a loss with respect to any single portfolio investment could have a significant adverse effect on a Fund's returns. The Ampersand Funds will participate in a limited number of investments and frequently seek to make several investments in one industry or one industry segment. As a result, any particular Fund's investment portfolio could over time become highly concentrated, and its aggregate return may be affected substantially by the performance of a few holdings in a specific industry. This same concentration can occur as a result of the disposition of certain investments in a fund, leaving the remaining investments clustered in one industry or industry segment. Furthermore, to the extent that the capital raised is less than the targeted amount, a Fund may invest in fewer Portfolio Companies and thus be less diversified.

Need for Follow-On Investments

Following its initial investment in a given Portfolio Company, a Fund may decide to make a further investment in the company. This may be (i) in accordance with initial projections that contemplated additional investment at the time of the initial investment, (ii) because the company needs more support than was anticipated initially or because performance has deteriorated in a manner the Fund did not predict, (iii) because the Fund wishes to increase its investment in a successful company or (iv) to take advantage of an opportunity to develop an additional market or other opportunity or "build on" or "bolt on" a complementary business. There is no assurance that a Fund will anticipate all required follow-on investments or that a Fund will have sufficient Funds to make all such investments. The failure of a Fund's limited partners to respond on a timely basis or at all to capital calls and the unavailability of credit at all or on commercially reasonable terms to a Fund could negatively impact a Fund's ability to participate in follow-on investments or make initial investments, and result in lost opportunities for the Fund. Any decision by a Fund not to make follow-on investments or its inability to make such investments may have a negative impact on a Portfolio Company in need of such an investment or may result in a lost opportunity for a Fund to increase its participation in a successful operation or improve the performance of a company or result in dilution or devaluation of the Fund's historic investment in the Portfolio Company.

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Distressed Assets

A Fund may invest a portion of its assets in distressed assets (including companies experiencing significant financial or business difficulties). Although such investments may result in significant returns to a Fund, they involve a substantial degree of risk. The level of analytical sophistication, both financial and legal, necessary for successful investment in distressed assets is unusually high.

Troubled company and other asset-based investments require active monitoring and may, at times, require participation in business strategy or reorganization proceedings by a Fund. To the extent that a Fund becomes involved in such proceedings, a Fund may have a more active participation in the affairs of the company than that assumed generally by an investor. In addition, involvement by a Fund in an issuer's reorganization proceedings could result in the imposition of restrictions limiting the Fund's ability to liquidate its position in the issuer.

Debtor-in-Possession Loans

From time to time, a Fund may invest in or extend loans to companies that have filed for protection under Chapter 11 of the United States Bankruptcy Code. These debtor-in-possession ("DIP") loans are most often revolving working-capital facilities put into place at the outset of a Chapter 11 case to provide the debtor with both immediate cash and the ongoing working capital that will be required during the reorganization process. While such loans are generally less risky than many other types of loans as a result of their seniority in the debtor's capital structure and because their terms have been approved by a federal bankruptcy court order, it is possible that the debtor's reorganization efforts may fail and the proceeds of the ensuing liquidation of the DIP lender's collateral might be insufficient to repay in full the DIP loan.

Bankruptcies

Many of the events within a bankruptcy case are adversarial and often beyond the control of the creditors. While creditors generally are afforded an opportunity to object to significant actions, there can be no assurance that a bankruptcy court would not approve actions which may be contrary to the interests of a Fund. Furthermore, there are instances in which creditors and equity holders lose their ranking and priority as such if they are considered to have taken over management and functional operating control of a debtor. Additionally, the debt of companies in financial reorganization will in most cases not pay current interest, may not accrue interest during reorganization and may be adversely affected by an erosion of the issuer's fundamental values. Such investments can result in a total loss of principal.

Investment in the debt of financially distressed companies domiciled outside the United States involves additional risks. Bankruptcy law and process may differ substantially from that in the United States, resulting in greater uncertainty as to the rights of creditors, the enforceability of such rights, reorganization timing and the classification, seniority and treatment of claims. In certain developing countries, although bankruptcy laws have been enacted, the process for reorganization remains highly uncertain.

A Fund may purchase creditor claims subsequent to the commencement of a bankruptcy case. Under judicial decisions, it is possible that such purchase may be disallowed by the bankruptcy court if the court determines that the purchaser has taken unfair advantage of an unsophisticated

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seller, which may result in the rescission of the transaction (presumably at the original purchase price) or forfeiture by the purchaser.

Special Situation Financings

A Fund may make investments in special situation financings, including event-driven situations such as recapitalizations, debtor-in-possession and other financings, corporate and financial restructurings, acquisitions, divestitures, reorganizations or other situations in public or private companies that may provide a Fund with an opportunity to provide debt and/or equity financing. Such investments may be originated by a Fund and will typically be made on a negotiated basis. These investments are complicated and an incorrect assessment of the downside risk associated with an investment could result in significant losses to a Fund.

Investments in Restructurings

A Fund may invest in restructurings that involve Portfolio Companies that are experiencing or are expected to experience financial difficulties. Those financial difficulties may never be overcome and may cause the Portfolio Companies to become subject to bankruptcy proceedings. Investments in restructurings may be adversely affected by laws relating to, among other things, fraudulent conveyances, voidable preferences, lender liability and the bankruptcy court's discretionary power to disallow, subordinate or disenfranchise particular claims or recharacterize investments made in the form of debt as equity contributions. Such investments could, in certain circumstances, subject a Fund to certain additional potential liabilities that may exceed the value of its original investment.

Investments in Operating Turnarounds

In some cases, the success of a Fund's investment strategy will depend, in part, on the ability of Ampersand to restructure and effect improvements in the operations of a Portfolio Company, and there can be no assurance that Ampersand will be able to successfully identify and implement such restructuring programs and improvements.

Foreign Investments

A Fund may invest in Portfolio Companies that are organized and operating outside the United States. Such investments may be subject to certain additional risks due to, among other things, potentially unsettled points of applicable governing law, the risks associated with fluctuating currency exchange rates, capital repatriation regulations and the application of complex tax rules to cross-border investments. In addition, the Funds do not typically hedge currency risks.

Changes in Environment

The Ampersand Funds' investment programs are intended to extend over a period of years, during which the business, economic (micro and macro), political, regulatory, and technology environment within which each Fund operates may undergo substantial changes, some of which may be adverse to the Fund. The general partner of each Fund has the exclusive right and authority (within limitations set forth in that Fund's limited partnership agreement) to determine the manner in which the Fund will respond to such changes, and investors in that Fund will generally have no

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right to withdraw from the Fund or to demand specific modifications to the Fund's operations in consequence thereof.

General economic conditions beyond Ampersand's control may affect the performance of the Funds. Interest rates, general levels of economic activity, availability and terms of credit, inflation rates, economic uncertainty, commodity prices, trade barriers, performance of the public capital markets and participation by other investors in the financial markets may affect the value of the Portfolio Companies or companies being considered for prospective investments. Legal, tax and regulatory changes could occur during the term of a Fund that may adversely affect the Fund and its investors.

In particular, global financial markets may experience considerable declines in the valuations of equity and debt securities, an acute contraction in the availability of credit and the failure of a number of leading financial institutions. These events could lead to a significantly diminished availability of credit and an increase in the cost of financing, which could materially hinder the initiation of new leveraged transactions and, together with declines in valuations of equity and debt securities, have adverse effects on the private equity sector. To the extent these conditions occur, they may adversely affect the investments of a Fund.

A Fund may be materially adversely affected by the foregoing events, or by similar or other events in the future. In the long term, there may be significant new regulations that could limit the activities of Ampersand and the investment opportunities it pursues or change the functioning of capital markets, and there is the possibility that a severe worldwide economic downturn could occur or abate and then return for a period of years. Consequently, Ampersand may not be capable of, or successful at, preserving the value of Fund assets, generating positive investment returns or effectively managing Fund risks.

The extensive government regulation of certain sectors in the healthcare industry in which a Fund may invest creates additional uncertainty and risks for the Fund. Obtaining regulatory approval may be a lengthy and expensive process with an uncertain outcome, and Portfolio Companies may be unable to obtain necessary regulatory approvals on a timely basis, if at all, which could materially and adversely affect Portfolio Company success.

Investments in Leveraged Portfolio Companies; Bridge Loans

Our Funds may make equity investments in leveraged Portfolio Companies. Leverage, or debt, generally magnifies both the Fund's opportunities for gain and its risk of loss from a particular investment. In addition, this Portfolio Company leverage could accelerate and magnify declines in the value of the Fund's investments in the leveraged Portfolio Companies in a down market. It is possible that a leveraged Portfolio Company in which a Fund invests will not have sufficient cash flow to pay its current debt service obligations as they become due or will not be able to refinance its outstanding indebtedness on favorable terms, or at all, upon maturity. It is anticipated that certain Portfolio Companies of one or more of our Funds will have outstanding variable rate debt. An increase in interest rates could adversely affect such Portfolio Companies' ability to meet current debt service obligations. If a Portfolio Company is unable to timely meet its payment obligations or fails to satisfy applicable financial covenants, the Portfolio Company's lenders typically will have the ability to exercise a variety of remedies under the relevant credit documents, including foreclosing on the assets of the Portfolio Company that are used to secure the underlying

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debt. Any rights of our Funds as an equity holder will be junior to the rights of the Portfolio Company's lenders, whether the underlying debt is secured or not. If a Portfolio Company is liquidated or sold, there may be no assets remaining for equity holders after the Portfolio Company's creditors are paid. In addition, our Funds may lend to Portfolio Companies on a short-term, unsecured basis in anticipation of a future issuance of equity or long-term debt. Such bridge loans would typically be convertible into a more permanent, long-term security; however, for reasons not always in the Fund's control, such long-term securities may not issue and such bridge loans may remain outstanding. In such event, the interest rate and security, if any, on such loans may not adequately reflect the risk associated with the unsecured position taken by the Fund.

Competition for Investments

The Funds expect to encounter competition from entities having similar investment objectives. Potential competitors include other investment funds, strategic investors and other financial investors investing directly or through affiliates. Certain of these entities may possess competitive advantages over a Fund in pursuing investment opportunities, including greater financial, technical, marketing and other resources, higher risk tolerances, different risk assessments, lower return thresholds, lower cost of capital and access to funding sources unavailable to a Fund.

Reliance on Management

Decisions with respect to the management of each Ampersand Fund will be made by the principals and other investment professionals of Ampersand. The success of a Fund will depend on the ability of these individuals to identify and consummate investments, to improve the operating performance of Portfolio Companies and to dispose of investments of such Fund at a profit. The loss of the services of one or more principals of Ampersand could have an adverse impact on the Fund's ability to realize its investment objective. In addition, it is expected that all of the personnel responsible for managing a particular Fund will continue to have responsibilities with respect to other Ampersand Funds. Thus, such persons will have demands made on their time for the investment, monitoring, exit strategy and other functions of other Funds and accounts.

The ability to recruit, retain and motivate such professionals is dependent on the ability of Ampersand to offer attractive incentive opportunities. If legislation were to be enacted to treat carried interest as ordinary income rather than capital gain, the amount of taxes that such professionals would be required to pay with respect to their carried interest would materially increase, thereby adversely affecting the ability of Ampersand to offer such attractive incentive opportunities. Should any of these professionals join or form a competing firm, become incapacitated or in some other way cease to participate in investment activities of a Fund, its performance could be adversely affected.

Reliance on the Management of Portfolio Companies

Although it is Ampersand's intention to ensure that Portfolio Companies have strong management teams, there can be no assurance that any Portfolio Company's management team will be able to operate successfully.

Uncertainty Regarding Investments

Although Ampersand will make every effort to conduct appropriate due diligence prior to making

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an investment, the due diligence process may be subjective at times, may be required to be undertaken on an expedited basis in order to take advantage of available investment opportunities and may require Ampersand to rely on limited resources available to it, including information provided by the target of the investment and third-party consultants, legal advisers, accountants and investment banks. As a result, it is uncertain whether the due diligence investigation will reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Instances of fraud, other deceptive practices and/or other misconduct committed by the management teams of portfolio companies may undermine our due diligence efforts with respect to such investments or otherwise adversely affect the operations of a Portfolio Company. Such fraud, other deceptive practices and/or other misconduct could adversely affect the likelihood of the investment's success.

Increased Regulatory Scrutiny

The financial services industry generally, and the activities of private investment funds and their managers, in particular, have been subject to intense and increasing regulatory oversight. Such scrutiny may increase Ampersand's and the Funds' exposure to potential liabilities and to legal, compliance and other related costs. Increased regulatory oversight may impose administrative burdens on Ampersand, including, without limitation, responding to investigations and implementing new policies and procedures. Such burdens may divert Ampersand's time, attention and resources from portfolio management activities. It is anticipated that, in the normal course of business, Ampersand's officers will have contact with governmental authorities and/or be subjected to responding to inquiries or examinations. Funds may also be subject to regulatory inquiries concerning their securities positions and trading.

The Funds may be subject to the EU's General Data Protection Regulation (Regulation 2016/679) ("GDPR"), which became effective on May 25, 2018 and introduced substantial changes to the European data protection framework. The GDPR has extra-territorial application and applies not only to organizations with a presence in the European Economic Area ("EEA") but also to non-EEA based businesses that carry out processing that is related to (i) an offer of goods or services to individuals in the EEA or (ii) the monitoring of their behavior so long as this takes place in the EU (for example, through cookies and other tracking tools), even if the data is stored outside the EEA. Offering investment opportunities to investors in the EEA and processing personal data in the context of that activity will trigger the application of the GDPR. The GDPR has introduced enhanced obligations on controllers of personal data and new obligations on processors, while establishing new rights for individuals with respect to their personal data. In addition, although regulatory behavior and penalties under the GDPR remain an area of considerable scrutiny, the GDPR significantly increases the sanctions for breach of data protection with potential fines of up to the higher of 20 million euros or 4% of global annual revenues. Moreover, individuals can claim damages resulting from infringement of the GDPR. The GDPR also introduces the right for non-profit organizations to bring claims on behalf of data subjects, which is envisaged to give rise to U.S.-style class action suits. Should a Fund become subject to the GDPR, it may be required to take additional measures to comply with its terms, including updating policies and procedures and reviewing relevant information technology systems, which may create additional costs and expenses for the Funds and therefore its Limited Partners. In addition, the Funds may have indemnification obligations in respect of, or be required to pay the expenses relating to, any litigation or action as a result of any purported breach of the GDPR. Limited Partners in non-EU funds other than living individuals in the EU may not be afforded the protections of the GDPR,

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although the global landscape for data protection is changing and some countries are enacting or may enact legislation similar to the GDPR.

Third Party Involvement

A Fund may co-invest with third parties through joint ventures or other entities. Such investments may involve risks in connection with such third-party involvement, including the possibility that a third-party co-investor may have financial, legal or regulatory difficulties, resulting in a negative effect on such investment, may have economic or business interests or goals which are inconsistent with those of a Fund or may be in a position to take (or block) action in a manner contrary to a Fund's investment objectives. In addition, a Fund may in certain circumstances be liable for the actions of its third-party co-investors. In circumstances in which third parties involve a management group, such third parties may receive compensation arrangements relating to such investments, including incentive compensation arrangements.

Uncertainty of Financial Projections

Ampersand generally establishes the capital structure of companies in which a Fund invests on the basis of financial projections for such companies, which normally are based primarily on management judgments. Projections are only estimates of future results that are based upon assumptions made at the time that the projections are developed, there can be no assurance that the projected results will be obtained, and actual results may vary significantly from the projections.

Controlling Interests

Because of its equity ownership, representation on the board of directors and/or contractual rights, a Fund may often be considered to control, participate in the management of or influence the conduct of Portfolio Companies. The exercise of control over a company may impose additional risks of liability for environmental damage, product defects, pension and other fringe benefits, failure to supervise management, violation of laws and governmental regulations (including securities laws) and other types of liability, for which the limited liability generally afforded to investors may be ignored. If these liabilities were to arise, a Fund may suffer a significant loss.

Non-Controlling Investments

At times, Funds may hold less than 50% of the outstanding voting interests of a Portfolio Company, and may hold investments in securities that do not entitle a Fund to voting rights, and, therefore, may have a limited ability to protect their investments in a Portfolio Company.

Business and Market Risks

The investments made by a Fund may involve a high degree of business and financial risk that can result in substantial losses. In particular, these risks could arise from changes in the financial condition or prospects of the entity in which the investment is made, changes in national or international economic and market conditions, and changes in laws, regulations, fiscal policies or political conditions of countries in which investments are made, including the risks of war and the effects of terrorist attacks. The possibility of partial or total loss of capital will exist, and investors should not invest unless they can readily bear the consequences of such loss.

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Force Majeure

The operations of Portfolio Company assets are exposed to potential unplanned interruptions caused by significant catastrophic or force majeure events, including, without limitation, wars, labor strikes, cyclones, earthquakes, landslides, floods, tsunamis, explosions, fires, terrorist attacks, major plant breakdowns, pipeline or electricity line ruptures, failure of technology, defective design and construction, accidents, demographic changes, government macroeconomic policies, toll rates, social instability, and competition from other forms of infrastructure. These risks could, among other effects, adversely impact the cash flows available from Portfolio Company assets, cause personal injury or loss of life, damage property, or instigate disruptions of service. In addition, the cost of repairing or replacing damaged assets could be considerable. Repeated or prolonged service interruptions may result in permanent loss of customers, substantial litigation, or penalties for regulatory or contractual non-compliance. Force majeure events that are incapable of, or too costly to, cure may also have a permanent adverse effect on a Portfolio Company.

Geopolitical Market and Credit Risks Generally and in Connection with the Russia/Ukraine Conflict

Russia launched a large scale invasion of Ukraine in February, 2022. The extent and duration of the military action, resulting sanctions and future market disruptions, including declines in stock markets and the value of the ruble against the U.S. dollar, are impossible to predict but could be significant and may adversely impact the Funds. Our business could be adversely affected directly or indirectly by: economic and political changes in the global markets regarding inflation rates, recessions, trade restrictions, tariff increases or potential new tariffs; foreign ownership restrictions and economic embargoes imposed by the United States or any of the foreign countries in which we do business; changes in laws, taxation, and regulations and the interpretation and application of these laws, taxes, and regulations; restrictions imposed by the U.S. government or foreign governments through exchange controls or taxation policy; nationalization or expropriation of property, undeveloped property rights, and legal systems or political instability; other governmental actions; and other external factors over which we have no control.

Economic and political conditions within the United States and foreign jurisdictions or strained relations between countries could result in fluctuations in demand, price volatility, loss of property, state sponsored cyberattacks, supply chain disruptions, or other disruptions. An open conflict or war across any region significant to our business could result in plant closures, employee displacement, and an inability to obtain key supplies and materials. Our investments are subject to risks of changes in market values. Periods of macroeconomic weakness or recession, heightened volatility or disruption in the financial and credit markets could increase these risks, potentially resulting in other-than-temporary impairment of assets in our investment portfolio.

The impact of geopolitical tension, such as a deterioration in the bilateral relationship between countries, including the resulting sanctions, export controls or other restrictive actions that have been or may be imposed by the United States and/or other countries against governmental or other entities could also lead to disruption, instability and volatility in the global markets, which could have a negative impact on our investments across negatively impacted sectors or geographies.

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Pandemics and COVID-19

Occurrences of epidemics or pandemics, depending on their scale, may cause different degrees of damage to global, national and local economies. COVID-19 (also known as novel coronavirus or coronavirus disease 2019) resulted in a significant reduction in commercial activity on a global scale that has adversely impacted many businesses. The ultimate impact of the COVID 19 outbreak is difficult to predict, but COVID-19 could continue to have a materially adverse impact on global, national and local economies in the future. In particular, disruptions to commercial activity across economies could materially and adversely impact the Funds' investments. Similar disruptions could occur in respect of the Firm and the Funds' service providers and counterparties (including providers of financing), which could also negatively impact the Funds. Such disruption could adversely affect the Funds' returns, operating results and financial condition.

The full economic fallout from this world health crisis may not be known for months or years, and it is possible that global and regional economic conditions may worsen, despite recent signs that such conditions may be improving. Governmental intervention to shore up national economies, such as the U.S. Coronavirus Aid, Relief and Economic Security Act which was enacted in March 2020 (and is available only to certain U.S. businesses) and new interventions as a result of the new U.S. administration, may mitigate some of the near-term, more acute economic issues presented by the pandemic and may help to stabilize domestic and global capital markets to some degree, but there are limits to the abilities of central governmental authorities to use governmental funding and monetary policy to ward off all of the economic consequences of the pandemic. There can be no assurance regarding how long it will take to reduce global infection rates, even though vaccines are now being administered throughout the world, and it is possible that, once the virus appears to have been contained and restrictions on social and commercial activities have been relaxed, there may be one or more future outbreaks that may be as serious, or potentially more serious, than the current outbreak. In the meantime, global equity, bond and credit markets have been, and will likely continue to be, significantly affected. The foregoing risks, specifically, and the COVID-19 pandemic, generally, may have a significant and long-lasting impact upon the performance of the Funds' investments, as well as the business operations and financial condition of Ampersand and the applicable general partner, although the ultimate impact is currently unknown and may not be known for months or years.

Credit facilities

Certain Funds may obtain one or more credit facilities in order (i) to facilitate investments by the Fund and Portfolio Companies, (ii) to fund organizational expenses, operating expenses or other obligations of the Fund or Portfolio Companies or (iii) to otherwise carry out the business of the Fund. If a Fund obtains a credit facility, it is generally expected that the Fund's interim capital needs would be satisfied through borrowings by the Fund under the credit facility, and drawdowns of capital contributions by the Fund, including those used to pay interest on credit facilities, would generally be expected to be "batched" together into larger, less frequent capital calls (although actual timing and amounts may vary). The interest expense and other fees, costs and expenses of or related to any such borrowings would be expenses of the Fund and, accordingly, would decrease net returns of the Fund. Interest would likely accrue on any such outstanding borrowings at a rate lower than the 8% preferred return, if any (with such preferred return generally beginning to accrue when capital contributions to repay borrowings are actually due to be made to the Fund). In light of the foregoing, Ampersand may have an incentive to fund the acquisition of Portfolio Companies

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and ongoing capital needs of a Fund with the proceeds of borrowings under credit facilities or other borrowings guaranteed by a Fund in lieu of drawing down subscribed capital. To the extent that a Fund is unable to obtain a credit facility, access to such facility becomes unavailable or Ampersand otherwise determines not to use such facility, Ampersand may draw down subscribed capital in advance and hold such amounts in reserve in order to make investments in Portfolio Companies, satisfy fees and expenses and other capital needs as such needs arise in the future.

CERTAIN RISKS ASSOCIATED WITH SUBSTANTIAL CHANGES AND PROPOSED CHANGES TO REGULATION OF INVESTMENT ADVISERS AND PRIVATE FUNDS

Ampersand and its affiliates operate in a heavily regulated environment. As an SEC-registered investment adviser, which does not imply a certain level of skill or training, Ampersand is subject to the requirements of the Advisers Act and the rules thereunder. In 2022 and 2023, the SEC proposed numerous amendments to the Advisers Act rules applicable to SEC-registered investment advisers. In addition to the significant proposals described in more detail below, the SEC also proposed amendments to:

- Form PF to enhance certain private fund reporting;
- Create a specific framework for due diligence and recordkeeping requirements applicable to the oversight of service providers;
- Require adoption of an incident response program under Regulation S-P to safeguard customer records and information and to notify affected individuals whose sensitive information has been accessed or used without authorization; and
- Require enhanced cybersecurity safeguards, including (i) the adoption of certain policies and procedures, (ii) reporting significant cybersecurity incidents to the SEC, (iii) disclosure of cybersecurity risks and incidents to clients and prospects and (iv) maintenance of related records.

Additionally, the new Advisers Act Rule 206(4)-1 (the new “Marketing Rule”), which includes extensive changes to marketing requirements for registered advisers, took effect November 4, 2022. Any failure to comply with the Marketing Rule and any other numerous proposed requirements described herein as finally adopted could expose Ampersand and/or its affiliates to civil and/or criminal liability, as well as reputational damage, which could adversely affect the Fund(s).

SEC’s Proposed Changes to Private Fund Regulation

On February 9, 2022, the SEC proposed a package of new rules and amendments that would significantly affect all private fund advisers. This package covers a range of issues including (i) new prohibitions on certain conflicted activities (including the charging of certain fees and expenses such as accelerated monitoring fees and the non pro rata allocation of broken deal expenses), (ii) new prohibitions on preferential treatment relating to redemptions and fund and investment information and increased transparency on other types of preferential treatment, (iii) new quarterly statements to investors on performance, fees and expenses, and adviser and related person compensation, (iv) enhanced annual audit requirements, and (v) new requirements

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relating to adviser-led secondary transactions (including a requirement to obtain a fairness opinion). If adopted, this package would prohibit activities that had previously been addressed through disclosure, while significantly expanding the information being provided to both private fund investors as well as the SEC with respect to its examination and enforcement activities.

SEC's Proposed Changes to the Custody Rule

On February 15, 2023, the SEC proposed a significant transformation of Rule 206(4)-2 (the “Custody Rule”) under the Advisers Act into a new Rule 223-1 (the “Safeguarding Rule”) applicable to SEC-registered investment advisers. The proposed Safeguarding Rule would, among other things:

- Broaden the rule to cover all client assets (and not just funds and securities), including, among other things, digital assets and real estate interests;
- Expand the definition of “custody” to include discretionary investment authority for assets regardless of whether or not they are processed or settled on a delivery versus payment (“DVP”) basis (and will subject separately managed accounts with non-DVP assets (*e.g.*, loans and privately offered securities) to surprise examinations);
- Overhaul the requirements relating to qualified custodians, including that the adviser enter into a written agreement with the custodian with an extensive list of required provisions, particularly that the custodian has “possession or control” of client assets; and
- Narrow the availability of the exception from the qualified custodian requirement for uncertificated privately-offered securities and physical assets and impose new restrictions where the exception still applies.

If adopted, the Safeguarding Rule would represent another radical change in the regulation of custodial practices under the Advisers Act and, like the existing Custody Rule, would likely present a number of significant and burdensome compliance challenges for investment advisers.

SEC's Proposed Changes to Data Protection Regulation

Cybersecurity incidents, data protection and regulations related to privacy, data protection and information security could increase costs, and a failure to comply could result in fines, sanctions and/or other penalties.

In February 2022, the SEC proposed new cybersecurity rules and amendments to existing rules under the Advisers Act and the Investment Company Act specifically related to registered investment advisers, investment companies and BDCs (“SEC Cyber Proposed Rule”). The proposed rules would require advisers and funds to adopt, implement and annually test written cybersecurity policies and procedures, promptly report significant cybersecurity incidents to the SEC and investors, and comply with certain additional recordkeeping requirements. If adopted, including with modifications, the SEC Cyber Proposed Rule could have a significant effect on registered advisers and funds and their operations, including increasing compliance burden and associated regulatory costs and increasing the risk of regulatory action. Increased reporting, registration and compliance requirements may divert the attention of Omega’s and / or its affiliates’

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personnel and may furthermore place the Fund at a competitive disadvantage to the extent that Omega and / or its affiliates are required to disclose sensitive business information, including about its information systems.

RISKS ASSOCIATED WITH BANKING SECTOR

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

In an effort to stabilize this deteriorating situation, the FDIC, in conjunction with the U.S. Department of Treasury and the Federal Reserve Board, announced: (i) a program to provide financial institutions up to \$25 billion of loans secured by certain government securities held by SVB and similarly situated banks to mitigate the risk of potential losses on the sale of such government securities; and (ii) that SVB deposit accounts would be fully insured, with FDIC insurance extended beyond the existing \$250,000 FDIC insured limit. Despite these efforts, concerns about the overall financial health and stability of the U.S. banking sector remain high, with many bank stocks trading at significantly lower prices than they did before the crisis began. Further governmental intervention may be required to stabilize the U.S. banking sector in the future if additional U.S. banks, particularly larger banks, appear to be at a risk of failure; it is unclear, however, whether the government would intervene in such circumstances and, if it did, whether such governmental intervention would be sufficient to forestall a full-blown banking crisis. It is also possible that further government intervention could result in other unforeseen adverse impacts on the economy over the short or long term. At the same time, global markets have been adversely impacted by financial uncertainties.

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

The events described above present several potential risks including to: (i) investment advisers, general partners and their related entities, (ii) the funds which they manage, (iii) fund limited partners; (iv) the portfolio companies in which funds make and hold investments; and (v) founders

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and senior management teams of portfolio companies. Certain of these risks are described in more detail below but other risks may arise in the future as events unfold. In evaluating such risks in the context of a rapidly evolving situation like this one, one should assume that circumstances may change in ways that are not necessarily predictable, and that conditions may deteriorate. Any of the risks described below, or other risks not described, if realized, could have a material adverse effect on the liquidity, current and/or projected business operations, financial condition and/or performance results, as applicable, for any of Ampersand, the Relying Advisors, the Funds and/or their portfolio investments.

Banking Sector Risks on Fund Operations and Performance.

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

Specific Risks Associated with Banking Relationships

One or more of the Funds and their portfolio companies have accounts at, are borrowers under credit facilities with, or have other banking, custodial, escrow or other commercial relationships with, SVB and potentially one or more other bank or financial institution now in receivership. Ampersand's primary deposit bank accounts, sweep bank accounts, and capital call lines of credit were with SVB. Upon notice of SVB's closure, Ampersand performed an analysis to assess the overall impact to Ampersand and our portfolio companies and notified Limited Partners of Ampersand's exposure. Currently, Ampersand is evaluating opening new bank accounts and/or establishing a new lending relationship with alternative banks. . While Silicon Valley Bridge Bank, N.A., as successor to SVB, has continued to honor existing commitments (including fund and portfolio company credit facilities) and the Funds and their portfolio companies that maintained deposit, securities or other accounts with SVB have had full and complete access to funds maintained in such accounts shortly after SVB was placed into receivership, the Funds and their portfolio companies continue to evaluate opportunities with a diverse array of credit partners and financial institutions as they normally would in the ordinary course of business. In addition, there can be no assurance, that Ampersand or its related parties (such as Fund general partners), the Funds or any Fund portfolio company or founder/senior management team members of any portfolio company will not have a business relationship with another bank or other financial institution that, in the future, is placed in receivership. As such, the specific risks identified below may apply.

Custody Risk: If a bank has custody of Fund assets and the bank goes into receivership, the receivership could adversely impact the safekeeping of those assets and the ability to retrieve and secure such assets, and the Fund may experience delayed access to deposits or other financial assets or the uninsured loss of deposits or other financial assets. To mitigate this risk, Ampersand tries to select a custodian with a strong balance sheet and significant capital base by conducting due diligence on financial stability including a review of the bank's financial statements, credit

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ratings, and any other information regarding the bank's financial health. In addition, Ampersand monitors the custodian's financial health periodically by reviewing the information described above. Ampersand has developed a contingency plan outlining the steps that will be taken to protect the assets of the Fund and to transfer them to another custodian if needed.

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

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

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

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

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

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may have requiring such letter of credit or credit support to be maintained.

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

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

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

Item 9 – Disciplinary Information

Ampersand does not have any legal or disciplinary events that would be material to investors' and prospective investors' evaluation of Ampersand or the integrity of our personnel.

Item 10 – Other Financial Industry Activities and Affiliations

See Item 4 for a list of our related Relying Advisors which rely on our registration and are considered registered investment advisers. Ampersand otherwise has no financial industry activities or affiliations for which disclosure is required.

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

Ampersand seeks to foster a reputation for openness, integrity, honesty, and trust with the highest standards of professionalism. To further this goal, Ampersand has adopted a Code of Ethics, which sets out the standards of business conduct required of Ampersand personnel, reflecting our and their fiduciary obligations and requiring them to comply with applicable federal securities laws. Except to the extent they are investors in a Fund, employees are not permitted to invest in Portfolio Companies of the Funds. Ampersand's investment professionals must disclose personal securities transactions to the firm. Our employees must certify annually their receipt, understanding and

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compliance with our Code of Ethics. The Code of Ethics also includes an insider trading policy designed to deter and detect the misuse of material non-public information and other procedures intended to avoid or mitigate conflicts of interest between clients and Ampersand personnel in connection with personal securities transactions.

By reason of their responsibilities in connection with their investing and management activities, Ampersand's personnel may acquire material non-public information about a company or may otherwise be restricted from initiating transactions in certain securities. The Code of Ethics and applicable law prevent Ampersand from acting upon any such information even if that would be financially beneficial to a Fund. Due to these restrictions, any Fund may not be able to initiate transactions that it may otherwise have initiated, including being prevented from selling an investment that it otherwise might have sold.

A copy of the Code of Ethics will be provided upon request to any Limited Partner or prospective limited partner. Such a request can be made by contacting info@ampersandcapital.com or 781.239.0700.

Co-Investments by the Funds

From time to time, Ampersand encounters situations where there is an opportunity for more than one of the Funds to invest in a single Portfolio Company ("co-investments"). Because of the Funds' differing situations, this may create the potential for a conflict between the interests of the respective Funds. Each Fund addresses this conflict by reviewing with the Fund's advisory board of Limited Partner representatives (the "Advisory Board").

Principal Trades and Cross Transactions

Ampersand generally intends to avoid any transaction that constitutes a "principal transaction" within the meaning of Section 206(3) of the Advisers Act. In such a transaction, an adviser acts as principal for its own account with respect to the sale of a security to, or purchase of a security from, its client. If, however, Ampersand determines such a transaction is in the best interests of a Fund, Ampersand may enter into such transaction provided Ampersand has met the Advisers Act requirements with respect to such a transaction, including the relevant disclosure requirements and the requirement to obtain the informed consent of the Fund, which may be satisfied with the approval of the Fund's Advisory Board.

On occasion, Ampersand may cause one Fund to sell assets to, or purchase assets from, another Fund (a "cross transaction"). Ampersand may execute a cross transaction where it determines the transaction is in the best interests of, and the price is fair to, both Funds.

Advisory Board

A Fund's general partner will designate one or more Limited Partners to be represented by a member on the Advisory Board. The Advisory Board will advise Ampersand with respect to transactions involving conflicts of interest, including cross transactions, and is authorized to approve certain matters on behalf of the Limited Partners that otherwise would require approval by the Limited Partners under the Advisers Act.

The limited partnership agreement provides that no member of the Advisory Board and no Limited

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Partner who may have designated such member shall owe any duties (fiduciary or otherwise) under the limited partnership agreement, or at law or in equity, to the Fund or any other Limited Partner in respect of the activities of the Advisory Board. In addition, representatives of the Advisory Board may have various business and other relationships with Ampersand and its partners, employees and affiliates. These relationships and other conflicts of interest do not disqualify such members from voting or consenting to matters submitted to the Advisory Board for consideration or review and may influence their decisions as members of the Advisory Board. For example, in a cross trade situation where Ampersand arranges for a Fund to purchase an investment from, or sell an investment to, another fund, if the Advisory Board member has an interest in both Ampersand funds involved in the cross trade, such member may favor one Ampersand fund over the other if such member's interests are more aligned with the Ampersand fund it favors. In addition, if the member has an interest unrelated to Ampersand, it may not act in the best interests of the Ampersand Fund it represents.

Allocation of Investment Opportunities

When making decisions with respect to the allocation of investment opportunities, Ampersand is guided by its contractual obligations to the Funds, as well as its allocation policies and procedures. It is Ampersand's policy that all investment opportunities shall, to the extent practicable and subject to certain considerations, be allocated among its Funds on a basis that over a period of time is fair and equitable to each Fund taking into account all relevant facts and circumstances, including (without limitation): (a) the investment objectives, strategies, guidelines and restrictions of each fund; (b) the relevant allocation of investment opportunity provisions in a Fund's Governing Documents; (c) differences with respect to available capital (e.g., current or anticipated capital available for investment, including anticipated follow-on investments, if applicable), size, and remaining life of each Fund; (d) potential conflicts of interest, including whether a Fund has an existing investment in the opportunity in question; (e) the nature of the investment opportunity, including the size, minimum investment amounts and source of the opportunity; (f) current and anticipated market conditions; (g) portfolio diversification; (h) the nature and extent of involvement in the transaction on the part of the respective teams of investment professionals for a particular fund; (i) tax, legal or regulatory considerations; or (j) any other factors Ampersand believes to be relevant in making an allocation decision.

Ampersand will continue to manage Funds that compete for assets and, subject to the limitations on forming a follow-on fund that are described in pertinent the limited partnership agreements, it may form Funds in the future that compete for assets. In certain circumstances, Ampersand may determine that a Fund will invest (or co-invest) in certain assets with other Funds managed by Ampersand. As a result, it is possible that conflicts of interest will arise in connection with making, managing or disposing of investments by the Funds. Ampersand has adopted certain policies and procedures intended to address such situations that can give rise to conflicts of interest, but there can be no assurance that such policies and procedures will adequately address all situations that may arise.

If a Fund invests in a Portfolio Company with other Funds managed by Ampersand or its affiliates, it is possible that the Fund and the other investing Funds have conflicting interests with respect to the management or disposition of their investment. For example, one Fund may have capital available to participate in a follow-on investment in that Portfolio Company while another Fund may not have enough capital to participate, which could result in a divergence of views with

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respect to approving any transaction by the Portfolio Company that requires an additional equity investment from its investors or could result in one Fund suffering dilution with respect to its investment as a result of another Fund's follow-on investment. It is also possible that it may be appropriate for one Fund to dispose of its investment earlier than the other Funds because that Fund has achieved its return objective with respect to its investment or because that Fund is nearing its dissolution date, which could result in a divergence of views with respect to when to sell a Portfolio Company or could result in one Fund disposing of its investment before the other investing funds. In the event that a conflict of interest arises in connection with managing or disposing of an investment in which the Fund has invested with other Funds managed by Ampersand, including prior Funds, subject to complying with any approval or other requirements in the applicable Fund and investment documents, Ampersand will determine how best to resolve such conflict.

Certain Other Conflicts of Interest

Generally, where Funds invest in the same Portfolio Company, the investments will be made at the same time and on the same terms, unless otherwise approved by the Advisory Board. In the circumstance where two different Funds hold interests in different parts of a Portfolio Company's capital structure or where the interests held by one Fund have different voting rights or other features that could be conflict with the rights regarding interests held by another Fund, Ampersand will resolve such conflicts on a case-by-case basis taking into consideration the best interests of the relevant Funds.

Information Barriers

EIRs and Executive Advisors (as described in Item 5 above) are not Ampersand employees nor are they subject to requirements to disclose personal trading to the firm. To protect against the potential misuse of material nonpublic information, an information barrier policy has been put in place regarding the sharing of certain information with EIRs or Executive Advisors. EIRs and Executive Advisors not dedicating 100% of their time to Ampersand are free to dedicate their remaining time directly to Ampersand portfolio companies or to work outside of Ampersand provided that (i) any information learned or developed with Ampersand or its portfolio companies remains confidential and proprietary and is not used for any other purpose.

Item 12 – Brokerage Practices

The investments made by our Funds generally do not require the use of a broker-dealer. On certain occasions, however, an investment by a Fund or disposition of securities held by a Fund will require that we select a broker-dealer to execute a transaction. In that case, we will seek best execution by using a broker-dealer whom we have determined, based on a number of factors, will provide the best execution for the transaction. Ampersand engages in no soft dollar transactions and receives no other benefit from client brokerage.

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Item 13 – Review of Accounts

Ampersand’s managing partners and chief operating officer review the performance of the investments of each Fund on a continuous basis. The Funds provide the following written financial reports to their investors:

- annual audited financial statements;
- annual tax information necessary for the completion of tax returns; and
- quarterly unaudited financial reports.

Item 14 – Client Referrals and Other Compensation

No third party provides economic benefit to Ampersand in connection with Ampersand’s investment advisory services to its clients. Ampersand does not compensate any person who is not a supervised person for client referrals.

Item 15 – Custody

Ampersand has “custody” (as defined Rule 206(4)-2 under the Advisers Act (the “Custody Rule”)) of the funds and securities of the Ampersand Funds as a result of its and each Relying Adviser’s role and authority regarding and access to the assets of the Funds.

To comply with the Custody Rule requirements, it is Ampersand’s policy to cause each Fund to be audited annually by a PCAOB-registered independent accounting firm in accordance with the Custody Rule and distribute audited financial statements prepared in accordance with U.S. generally accepted accounting principles to investors no later than 120 days after the end of each fiscal year. In addition, upon the final liquidation of any such Fund, Ampersand will obtain a final audit and distribute audited financial statements with respect to such Fund to all Limited Partners promptly after completion of the audit.

Item 16 – Investment Discretion

Ampersand provides investment advisory services to each of the Funds pursuant to its respective investment management agreement and Ampersand and/or the pertinent general partner exercises discretion regarding each Fund as provided for in the Subscription Agreement with each Limited Partner. Any restrictions on investments in certain types of securities are established by the general partner of the respective Fund and are set forth in the Governing Documents received by each investor before investment in the Fund.

Item 17 – Voting Client Securities

When a Fund has the opportunity to vote at a shareholder meeting or receives a ballot, proxy or action by written consent for one or more of its Portfolio Companies (in each instance, a “Solicitation”), Ampersand will determine how to vote a Fund’s securities in the best interests of any Fund(s) invested in that Portfolio Company. Limited Partners do not generally have the ability to direct Ampersand’s vote in any particular Solicitation.

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Though rare, occasions may arise in which the best interest of a Fund and its Limited Partners materially conflicts with Ampersand's interests. In such cases, Ampersand will take care to ensure that such votes are executed in the best interests of the applicable Fund(s), either by engaging, or following the voting recommendations of, an independent third party or voting as instructed by the Advisory Board(s) for the Fund(s).

Limited Partners may obtain information on how Ampersand voted Fund securities and/or may obtain a copy of Ampersand's proxy voting policies and procedures upon request (see Item 11 for contact details).

Item 18 – Financial Information

Ampersand is not aware of any financial condition that is reasonably likely to impair our ability to meet our contractual commitments to the Funds.