

**Item 1: Cover Sheet**

**PART 2A OF FORM ADV:  
INFORMATIONAL BROCHURE**



**SOUTHFIELD CAPITAL, LLC**

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**This brochure provides information about the qualifications and business practices of Southfield Capital, LLC. If you have any questions about the contents of this brochure, please contact us at (203) 813-4100 or via email at [jgoldstein@southfieldcapital.com](mailto:jgoldstein@southfieldcapital.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Additional information about Southfield Capital, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Item 2:        Statement of Material Changes**

Southfield Capital, LLC is required to identify any material changes to its Form ADV here in Item 2. Since the Firm's most recently submitted Brochure dated March 31, 2022 there are no changes to report.

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## INFORMATIONAL BROCHURE

### SOUTHFIELD CAPITAL, LLC

#### **Item 4:        Advisory Business**

Southfield Capital, LLC has been in business since 2012 and is organized as a Delaware Limited Liability Company principally owned by Andrew Levison. Southfield Mezzanine Associates, LLC, a related adviser, was formed in 2010 and is also principally owned by Andrew Levison. Together, Southfield Capital, LLC and Southfield Mezzanine Associates, LLC (“Southfield”) are investment managers to various private investment offerings. Southfield is a private investment firm that pursues equity investments and subordinated debt investments in U.S. based companies. Southfield seeks to acquire lower middle market companies and then scale them through a combination of organic and acquisition growth strategies through its private equity business and to provide debt financing and minority equity to similar businesses through its private debt business.

As of the date of this brochure, Southfield is the investment advisor of private funds offered to qualified investors including, Southfield Capital II LP, Southfield Capital III LP, Southfield Mezzanine Capital II LP, Southfield Mezzanine Capital LP and Southfield Protos Annex Fund LP (each a “Fund” and together with their applicable parallel vehicles and Co-Investment Vehicles, the “Funds”). Southfield Mezzanine Capital LP and Southfield Mezzanine Capital II LP, are licensed as an SBIC by the US Small Business Administration. The Funds pursue debt and control equity investments in growth-oriented lower middle-market companies with EBITDA typically between \$3 million and \$20 million in the North American private company universe.

Southfield’s mezzanine debt team aims to provide leverage enhanced returns to its investors by utilizing low cost debt through the US Small Business Administration’s Small Business Investment Company program. The debt team uses this low cost capital to provide financing for US based businesses across a broad base of industries.

Investors and potential investors in the Funds should consult the Funds’ offering documents, including the Limited Partnership Agreements and Private Placement Memorandums, for a complete discussion of the Funds and the risk factors associated with each Fund.

Southfield may also, from time to time (and when consistent with the Funds’ governing documents), establish, on a transaction-by-transaction basis, certain investment vehicles through which certain persons may invest alongside one or more Main Funds in a particular investment opportunity (each such vehicle, a “Co-Investment Vehicle”). Co-Investment Vehicles are typically, but not always, limited to investing in securities relating to the transaction with respect to which they were organized.

As of December 31, 2022, Southfield has approximately \$1 Billion in assets under management, all of which are managed on a discretionary basis.

*For additional discussion of the Funds, and their investment objectives and risks, please see response to Item 8.*

## Item 5: Fees and Compensation

### A. Fees Charged

Generally, Southfield receives a management fee, and if applicable under the terms of the Fund's Private Placement Memorandum, a performance based fee known as a "carry".

*Please refer to the private placement memorandum for more specific discussion of fees paid by investors in the Funds.*

#### Management Fee

During their respective investment periods, the Funds generally charge investors an annual Management Fee of 2% of capital (which includes available SBA leverage for the debt funds), payable quarterly. This fee is charged through the end of a Fund's investment period. After the investment period, the Management Fee reduces to 2% of the lesser of the fair market value or the cost basis of the remaining investments in each Fund's portfolio.

#### Performance Based Fee

Generally, the Funds pay a 20% performance based fee to Southfield according to terms described more specifically in their respective Partnership Agreements and Private Placement Memorandums. Terms generally require investors receive an 8% return on their invested capital before the Funds' General Partner is entitled to an allocation of 20% of the Funds profits. In addition, the performance fee is also subject to a "clawback" which means that once each of the Funds has wound up its investments, if Southfield collects more performance-based fee than it should have been entitled, Southfield must restore the overage to the Funds.

#### Co-Investments

From time to time, when Southfield determines it is in the best interest of the respective Fund, a Fund investor or an outside party may be offered an opportunity to invest alongside the Fund. These co-investments can allow Southfield's Funds to make investments that might not otherwise be available or a good fit for the Fund's portfolio or they may afford the opportunity to include an investor that can enhance the value of an investment. Terms for these co-investors may be varied and are negotiated by the Fund's General Partner.

### B. Fee Payment

Management Fees are payable quarterly, in advance, and are invoiced to the Funds. Funds remit Management Fees to Southfield and Management Fee expenses are recorded on the books of the respective Fund.

### C. Other Fees

In addition to management and performance compensation, each Fund (and indirectly, its limited partners) is required to pay all fees, costs and expenses relating to the Fund's activities, investments and business. Such fees, costs and expenses will vary, but typically will include those associated with making or selling portfolio investments, including investment expenses and investment related travel. Investment related travel may include travel on a private aircraft when Southfield believes that this

cost is justified by the greater efficiency and security provided by the use of private air travel, especially for destinations which commercial aircraft do not efficiently reach. In addition to expenses related to researching, implementing and monitoring investments, Funds are also charged legal and accounting fees, taxes, Fund administration fees, commissions and brokerage fees, registration expenses, the cost of directors' and officers' liability insurance and other expenses such as litigation or broken deal expenses, as set forth in more detail in the offering materials and/or governing documents of each such Fund.

Each Fund (and indirectly its limited partners) is also responsible for the fees, costs and expenses relating to the organization of such Fund, including travel, printing, legal, filing and accounting fees and expenses, and certain regulatory expenses up to a certain amount, as described in the offering materials and/or governing documents of such Fund. Any such organizational expenses paid by a Fund in excess of the specified amount for each Fund will be applied to offset or reduce management fees owed by such Fund, (except with respect to the co-investment vehicles). A Fund is also required to pay any placement agent fees that are incurred in connection with the marketing and offering of interests in such Fund, provided, that any such payments will be applied to offset the management fee payable by the Fund, as described under Item 14 – Client Referrals and Other Compensation.

Southfield will be responsible for all of its ordinary administrative and overhead expenses, including compensation for employees' salaries, rent and utilities. The Funds will be responsible for all costs and expenses relating to the operation of the Funds that are not reimbursed by third parties, as set forth in more detail in each Fund's Agreement.

#### Third-Party Expenses

To the extent practicable, any third-party expenses relating to consummated investments will be charged to the portfolio company. If such expenses are not charged to the relevant portfolio company, then they will be paid by the Funds and included in the cost of the investment. Any third-party expenses relating to unconsummated investments will be borne by the Funds.

Effectively, Southfield will bear full economic responsibility for any fees payable to any placement agent. The Funds will not bear any such fees.

#### Related Services

In addition, Southfield and its affiliates may perform management, advisory, transaction-related, financial advisory and other services ("Related Services") for, and receive fees from, actual or prospective portfolio companies or other investment vehicles of the Funds, including fees in connection with mergers, acquisitions, add-on acquisitions, refinancings, public offerings, sales and similar transactions. These fees may be substantial. Fees for Related Services are determined, in part, by the investment professionals and may create a short term incentive to complete transactions. Also, fees for Related Services are not always based on an exit or sale of a Fund investment. Accordingly, Southfield and its affiliates may receive fees for Related Services when a Fund does not ultimately profit from the investment.

Although fees for Related Services are in addition to the Management Fee, Southfield will, in some circumstances, reduce the amount of Management Fees paid by the applicable Fund in connection with the receipt of such fees. The amount and manner of such reduction is set forth in the advisory agreement and/or organizational documents of the applicable Fund. As some Funds do not pay Management Fees, any such reduction will not benefit such Funds. Additionally, a portfolio company may reimburse Southfield for expenses (including, without limitation, travel expenses, which may

include expenses for chartered or first class travel) incurred by Southfield in connection with its performance of services for such portfolio company, and such reimbursements are not subject to the sharing arrangements described above.

*Please refer to the respective offering documents for each Fund for additional discussion of fees and expenses paid by investors in the Fund.*

**D. Pro-rata Fees**

Due to the nature of the Funds, investors will be committed to investing a specified amount into a Fund at designated times. Investors will not generally be permitted to withdraw from a Fund or become an investor in a Fund after a Fund closes. Accordingly, there should be no need to calculate *pro-rata* fees.

**E. Compensation for the Sale of Securities.**

None of the employees of Southfield is a registered representative of a broker-dealer. None of the employees of Southfield will receive any compensation for executing trades on behalf of the Fund aside from Southfield's receipt of fees described above.

**Item 6: Performance Based Fees**

*Please see response to Item 5.*

**Item 7: Types of Clients**

Southfield's only clients are Funds.

Investors in Southfield's Funds and co-investors are of varied backgrounds. They may include endowments, retirement plans, and corporations, fund of funds, high net-worth individuals, investment partnerships and banks.

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

*For a more complete discussion of each Fund's investment program, please see the Fund's offering documents.*

Each of Southfield's Funds has an Investment Committee, which is comprised of senior firm professionals. Full biographies of each member are contained in each Fund's offering documents.

Southfield's private equity investments are operationally driven. The firm is focused on buying and building premier lower middle-market businesses in partnership with management. Southfield makes a concentrated number of investments in niche businesses where it can implement operating strategies and financial controls to help companies enhance their performance and achieve their full potential.

Southfield mezzanine debt investments support both private equity-sponsored and select non-sponsored transactions and are structured to minimize risk with a focus on capital preservation.

Southfield looks to achieve portfolio diversification by investing in 15-20 companies across different industries and US geographic regions.

### **Direct Sourcing:**

Southfield will focus their efforts on proactively sourcing potential transactions through an extensive network of contacts. Southfield focuses its equity investments on companies in the following industry sectors: Outsourced Business Services, Specialty Finance and Value Added Distribution. Southfield believes companies in the target sectors present attractive investment characteristics, including profitable niche product and service offerings and fragmented industries, which present opportunities for organic and acquisition growth.

### **Execution:**

Given the nature of the transactions pursued by the Funds, Southfield spends a significant amount of time and resources undertaking thorough due diligence on each investment opportunity.

Each potential target's diligence is conducted by a team led by one of Southfield's partners. Significant time is spent determining whether or not a transaction would fulfill Southfield's quantitative expectations for a transaction as well as building relationships with management and assessing the target's cultural fit with Southfield prior to closing on a transaction. Southfield's Partners meet with prospective management teams as a condition of full investment committee review. All of Southfield's partners sit on the Investment Committees for their respective Funds which utilize a rigorous process to analyze structure, document and approve potential transactions.

Once the initial diligence is completed, all senior professionals review the findings and decide whether to proceed or withdraw from a transaction. If they elect to proceed, additional diligence is performed. Southfield's professionals assess material, operational and financial elements of a business and utilize outside advisors and consultants, as appropriate, to facilitate the process.

The entire professional staff at Southfield is updated on the progress of each potential transaction by the deal team throughout due diligence. All investment professionals can provide input, express concerns and question assumptions throughout the process, but the ultimate investment decision rests with the Investment Committee. While a unanimous decision is preferred for the Funds to move forward with any investment, by rule, an investment cannot move forward with more than one member against it.

### **Value Creation:**

Southfield's approach to private equity investment is to have an interactive, hands-on relationship with its portfolio company management teams, deploying a combination of operating and financial expertise in each of its portfolio companies. Southfield begins developing a portfolio company's investment thesis during due diligence. Southfield works closely with the incumbent management team to understand opportunities for value creation at the same time they are assessing typical diligence items around the company's operating model and risk profile.

Post-close, the focus is on building the foundation for longer-term strategic initiatives and implementing tactical initiatives that will generate results more quickly. Southfield believes the best investment strategy is simple and focused on a few fundamental themes that will have an exponential impact on exit value. Examples include professionalizing the management team, growing the business



through add-on acquisitions, implementing new financial systems, strengthening the sales and marketing process, reducing customer concentration, and improving profitability/cash flow.

Southfield believes a Board of Directors and a Board of Advisors can add value if implemented properly. A portfolio company Board of Directors for our equity investments typically includes two senior executives from the company and three Southfield representatives. Southfield also typically includes one to two individuals as Board Observers or forms a separate Board of Advisors. The typical profile of a Board Observer or Board Advisor is someone with deep industry knowledge and relevant customer and vendor networks that will help accelerate the value creation strategy.

Although there is less opportunity to drive success at a portfolio company from the debt funds, nonetheless, Southfield strives to add value to its companies through board observation rights and through access to an extensive network of business advisors. In addition, Southfield's loans have a number of financial covenants and reporting requirements to provide early warning of potential issues and to allow for appropriate remedies.

#### **Exit:**

The final element of the investment process is to exit investments in a value maximizing manner. Southfield considers macro factors such as the overall economy and the status of the mergers and acquisition market and the credit environment. Professionals also collaborate with portfolio company management teams to evaluate company specific issues such as growth capital spending cycles, the competitive landscape or management succession issues. When it deems the timing to be appropriate, Southfield helps identify the appropriate advisor based on its broad network of intermediaries as well as assisting in the drafting of marketing material and preparing the management team to most accurately tell the company's story.

For Southfield's debt investments, all loans have stated maturities, although often they are repaid as part of a refinancing or a sale of the portfolio company prior to maturity.

#### **Risk Factors:**

*Please see the Funds' offering documents with regard to risks associated with investing with the Funds.*

All investments risk the loss of capital. No guarantee or representation is made that a Fund will achieve its investment objective or that an investor will receive a return of its capital. In addition, there will be occasions when Southfield and its affiliates may encounter potential conflicts of interest in connection with a Fund. In evaluating whether to make an investment in a Fund, potential investors should consider all information contained in the offering documents. The following discussion is not a complete list of all potential risks. For a more complete discussion, investors should thoroughly review their respective Fund's offering documents.

#### ***Private Equity Investments***

The Funds are subject to numerous risks generally related to investing in securities and the additional risks associated with investing in non-marketable securities and nonpublic companies. The securities or other interests acquired by the Funds will have restrictions on resale and, even in the absence of such restrictions, may not be marketable. The ability of the Funds to profit from investments will be highly dependent upon the ability of the portfolio companies to progress in their development to the

point where they can become an attractive merger or acquisition candidate or affect a public offering. Numerous factors may impede or prevent a company from reaching this point, including inadequate capital, unfavorable competitive developments, inadequate management, loss of key persons, technology obsolescence and lack of market acceptance. Companies may face significant capital shortfalls for a wide variety of reasons. Product development, modernization of technology or acquisition and integration of a new unit or subsidiary may prove more expensive, or take more time than projected, and the growth in revenues may be slower than expected. In any such event, the Fund invested with that portfolio company may be asked to provide additional capital. If the Fund is unable or refuses to provide the additional capital, the portfolio company may obtain the needed funds from another source, thereby diluting the earlier investment by the Fund. Alternatively, the inability of a portfolio company to obtain the needed financing may result in the failure of that portfolio company and a partial or total loss of the investment in such portfolio company.

### ***Projections are Only Estimates***

Southfield will generally determine the appropriate capital structure of each portfolio company in which the Funds invest based upon financial projections for that company. Projected operating results will normally be based primarily on management judgments. In all cases, projections are only estimates of future results based upon assumptions made at the time 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. Also, general economic conditions, which are not predictable, can have a material adverse impact on the accuracy of projections.

### ***Operating and Financial Risks of Portfolio Companies***

Companies in which the Funds invest could deteriorate as a result of, among other factors, an adverse development in their business, a change in the competitive environment, or an economic downturn. As a result, companies which were expected to be stable may operate, or expect to operate, at a loss or have significant variations in operating results, may require substantial additional capital to support their operations or to maintain their competitive position, or may otherwise have a weak financial condition or be experiencing financial distress.

### ***Financial Market Fluctuations***

General fluctuations in the interest rates and market prices of securities may adversely affect the value of the portfolio companies in which the Funds invest. Instability in interest rates and the securities markets may also increase the risks inherent in the Funds' investments. The ability of a particular portfolio company to refinance debt securities may depend on its ability to sell new securities in the debt and equity markets, to borrow from banks or otherwise.

### ***Illiquidity of Portfolio Investments***

The Funds' investments in portfolio companies generally will be illiquid and not readily marketable, and the transferability of such investments generally will be restricted under the terms of the documents governing such investments. There can be no assurance that the Funds will be able to liquidate a particular interest in any portfolio company at the time and upon the terms it desires. Less marketable or illiquid investment positions may be more difficult to value than more marketable assets, due to the unavailability of reliable market quotations and other factors. The ability of the Funds to successfully

exit and achieve liquidity on its investments is dependent in large part on the condition of and valuations available in the public equity markets and valuations available in private negotiated transactions at the time, neither of which can be projected with any certainty. The sale of less marketable securities or other assets may require more time and result in lower prices, due to higher brokerage charges or dealer discounts and other selling expenses, than the sale of more marketable assets. The disposition of illiquid assets may involve distributions in kind to the investors.

### ***Use of Leverage***

Typically, the Funds will invest in portfolio companies that employ significant debt. While investments in leveraged companies offer the opportunity to improve equity rates of investment return and/or reduce the overall cost of capital for such companies, leverage generally magnifies both the opportunities for gain and the risks of loss from investments. The Funds' investments are expected to include portfolio companies whose capital structures may have a significant degree of leverage. Leverage often imposes restrictive financial and operating covenants on portfolio companies in addition to the burden of debt service, and may impair a portfolio company's ability to finance future operations and capital needs. As a result, recessions, operating problems, competitive pressures, or a general deterioration in business and industry conditions may have a more pronounced effect on the profitability or survival of such portfolio companies. Moreover, any rise in interest rates may significantly increase portfolio company interest expense, causing losses and/or the inability to service debt levels. If a portfolio company cannot generate adequate cash flow to meet debt obligations, the Fund invested in that portfolio company may suffer a partial or total loss of capital invested in the portfolio company.

As an SBIC (Small Business Investment Company), the Debt Funds are further able to enhance returns by borrowing up to two times LP's invested capital from the US Small Business Administration at lower than market interest rates.

### ***Cyber Security Breaches and Identity Theft***

Southfield's and its portfolio companies' information and technology systems may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Although Southfield has implemented, and portfolio companies may implement, various measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, Southfield, the Funds and/or a portfolio company may have to make a significant investment to fix or replace them. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in Southfield's, the Funds' and/or a portfolio company's operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). Such a failure could harm Southfield's, the Funds' and/or a portfolio company's reputation, subject any such entity and their respective affiliates to legal claims and otherwise affect their business and financial performance.

### ***General Business, Legal and Management Risk***

The Partnerships may invest in medium-sized companies that are under-performing. Such investments will necessarily have significant risks as a result of business, financial or legal uncertainties. There can be no assurance that Southfield will correctly evaluate the nature and magnitude of the various factors that could affect the value of such investments or that Southfield will be able to successfully turn around such companies. Investments in portfolio companies subject the Partnerships to the general

risks associated with the underlying businesses, including market conditions, changes in regulatory requirements, reliance on management at the company level, interest rate and currency fluctuations, general economic downturns, pandemics, domestic and foreign political situations and other factors. In addition, litigation and the threat of litigation occasionally occurs in connection with the operation and ownership of private equity investments. In addition to the expenses involved, including retention of counsel, such litigation can be time-consuming and can frequently lead to unpredicted delays or losses. With respect to management at the portfolio company level, many portfolio companies rely on the services of a limited number of key individuals, the loss of any one of whom could significantly and adversely affect the portfolio company's performance. While in all cases Southfield will monitor the management of portfolio companies, the day-to-day management of the portfolio companies is the responsibility of such portfolio company's executives and officers.

## **RISKS RELATING TO AN INVESTMENT IN THE FUND**

### ***Past Performance; No Assurance of Investment Return***

The past investment performance of Southfield's prior investments is not necessarily indicative of future results for any Fund. While the Funds intend to make investments which have estimated returns commensurate with the risks undertaken, there can be no assurances that the targeted IRR for each Fund will be achieved. On any given investment, total loss of principal is possible. There is no assurance that the Funds will be able to generate returns for its investors or that returns will be commensurate with the risks of investing in the type of companies and transactions described herein. An investment in any of the Funds should only be considered by persons who can afford a loss of their entire investment. An investment in any of the Funds requires a long-term commitment, with no certainty that a Fund will realize its rate of return objectives or that capital loss will not occur. There can be no assurance that investment objectives will be achieved, or that an investor will receive a return of its capital.

### ***Outbreaks of Infectious or Contagious Diseases.***

There have been a number of outbreaks of infectious disease in recent decades, including SARS, H1N1/09 flu, avian flu, ebola and, most recently, a novel and highly contagious form of coronavirus ("COVID-19"), which the World Health Organization has declared a "Public Health Emergency of International Concern." The outbreak of COVID-19 has resulted in numerous deaths, adversely impacted global commercial activity and contributed to significant volatility in certain markets, including equity, debt and commodities markets. As of the date of this filing, the global impact of the outbreak is still rapidly evolving, and many governments reacted by instituting quarantines, prohibitions on travel and the closure of offices, businesses, schools, retail stores and other public venues. Businesses also implemented similar precautionary measures. Such measures, as well as the general uncertainty surrounding the dangers and impact of COVID-19, created significant disruption in supply chains and economic activity and have had a particularly adverse impact on transportation, commodities, hospitality, tourism, entertainment and other industries. The scale of such impacts, are increasingly uncertain and difficult to assess.

Any public health emergency, including COVID-19 or other existing or new infectious disease, or the threat thereof, could materially and adversely impact the value and performance of the Funds' investments, including the Funds' portfolio companies' ability to continue to meet bond or loan covenants or repay loans provided by the Fund on a timely basis or at all, and the Funds' ability to source, manage, value and divest investments and the Funds' ability to achieve their investment objectives. With respect to any revolving or delayed draw loans made by the Funds to a portfolio company, a portfolio company may be incentivized for liquidity or other reasons to draw on most, if not all, of the unfunded portion of such loan and the Fund may not have the ability under the applicable

credit agreement to refuse to Fund such draw without the Fund being in default and suffering financial penalties.

In addition, the operations of the Funds, their investments, the general partners and the investment manager may be significantly impacted, or even temporarily or permanently halted, as a result of actual or potential government-imposed quarantine measures, mandatory, voluntary or precautionary restrictions on travel or meetings, and other factors related to a public health emergency, including the potential adverse impact on the finances, freedom of movement or health of any such entity's personnel.

Any of the foregoing events could result in significant losses to the Funds. The extent of the impact of any public health emergency will depend on many factors, including the duration and scope of such public health emergency, the extent of any related travel advisories and restrictions implemented (including any government-imposed quarantine measures and any voluntary and precautionary restrictions on travel or meetings), the impact of such public health emergency on overall supply and demand, goods and services, investment liquidity, consumer confidence and levels of economic activity and the extent of its disruption to important global, regional and local supply chains and markets, all of which are highly uncertain and cannot be predicted.

### ***Insufficient Investment Opportunities***

A Fund may be unable to find a sufficient number of attractive opportunities at appropriate prices to meet its investment objectives. The business of identifying and structuring private equity and debt transactions is highly competitive and involves a high degree of uncertainty. However, investors will be required to pay annual management fees during the Commitment Period based on the entire amount of their Capital Commitments.

### ***Risks Arising from Provision of Managerial Assistance***

Each of the Funds (or the general partner of a Fund or its management and employees on behalf of the Fund) expects to obtain rights to participate substantially the conduct of the management of portfolio companies held by a Fund (including, but not limited to, rights to board sets). Accordingly, the designation of directors and other measures contemplated could expose the assets of a Fund to claims by a portfolio company, its security holders, and its creditors and/or indemnification obligations in connections therewith. While the general partner of each Fund and Southfield intend to manage each of the Funds in a way that will minimize exposure to these risks, the possibility of successful claims cannot be precluded.

### ***Environmental, Social and Governance Matters***

While ESG is only one of the many factors Southfield will consider in making an investment, there is no guarantee that Southfield will successfully implement and make investments in companies that creates positive environmental, social or governance ("ESG") impact while enhancing long-term shareholder value and achieving financial returns. To the extent that Southfield engages with companies on ESG-related practices and potential enhancements thereto, such engagements may not achieve the desired financial and social results, or the market or society may not view any such changes as desirable. Successful engagement efforts on the part of Southfield will depend on Southfield's skill in properly identifying and analyzing material ESG and other factors and their impact-related value, and there can be no assurance that the strategy or techniques employed will be successful. Considering ESG qualities when evaluating an investment may result in the selection or exclusion of certain investments based on Southfield's view of certain ESG-related and other factors, and carries the risk that Southfield may underperform funds that do not take ESG-related and other factors into account

because the market may ultimately have a different view of a particular company's performance than anticipated by Southfield.

Applying impact investing goals to investment decisions is qualitative and subjective by nature, and there is no guarantee that the criteria utilized by Southfield, or any judgement exercised by Southfield will reflect the beliefs or values of any particular investor. In evaluating a company, Southfield is dependent upon information and data obtained through voluntary or third-party reporting that may be incomplete, inaccurate or unavailable, which could cause Southfield to incorrectly assess a company's ESG practices and/or related risks and opportunities. ESG-related practices or Southfield's assessment of such practices may change over time.

### ***Conflicts of Interest***

*Performance Allocation.* The existence of Southfield's performance-based fee may create an incentive for Southfield to make more speculative investments on behalf of the Funds. The capital commitments of Southfield Capital and its professionals should tend to reduce this incentive.

*Side Letters.* The General Partners of the Funds are affiliates of Southfield. The General Partner on behalf of a Fund may enter into agreements with individual investors in the Funds that may alter or supplement that investor's rights under each Fund's Private Placement Memorandum. These alternative arrangements may present a conflict of interest for Southfield, in that the investment by a particular investor in a Fund may be contingent upon such arrangements. Southfield will attempt to mitigate this conflict by reviewing any proposed arrangements in light of its potential effects on other investors.

*Operating Partners.* Southfield and its affiliates may also engage and retain senior advisors, consultants, operating partners and other similar professionals who are not employees or affiliates of Southfield and who will, from time-to-time, receive payments from, or allocations with respect to, portfolio companies. The nature of the relationship with each of the senior advisors, consultants, operating partners and/or other professionals and the amount of time devoted or required to be devoted by them varies considerably. In certain cases, they provide the Portfolio Companies and/or Southfield with industry-specific insights and feedback on investment themes, assist in transaction due diligence and make introductions to and provide reference checks on management teams. In other cases, they may take on more extensive roles and serve as executives or directors on the boards of portfolio companies or contribute to the origination of new investment opportunities. In certain instances, Southfield may have formal arrangements with these senior advisors, consultants, operating partners and/or other professionals (which may or may not be terminable upon notice by any party), and in other cases the relationships may be more informal. They may be compensated (including pursuant to retainers and expense reimbursement) from a Southfield Fund and/or portfolio companies or otherwise uncompensated unless and/or until an engagement with a portfolio company develops. In such circumstances, such payments from, or allocations with respect to, portfolio companies and/or the Funds will not, even if they have the effect of reducing any retainers or minimum amounts otherwise payable to Southfield, be deemed paid to or received by Southfield and such amounts will not be subject to the offset provisions as described above. These senior advisors, consultants, operating partners and/or other professionals may have the right or may be offered the ability to co-invest alongside the Funds, including in those investments in which they are involved, or otherwise participate in equity plans for management of any such portfolio company. There can be no assurance that any of the senior advisors, consultants, operating partners and/or other professionals will continue to serve in such roles and/or continue their arrangements with Southfield and/or any portfolio companies throughout the terms of Fund.

*Reserves.* Each General Partner may, in its discretion, retain on behalf of a Fund any amount (which would otherwise be distributed to the partners in accordance with the applicable Fund's governing documents) which it deems prudent as reserves to meet future Fund expenses or liabilities.

*Portfolio Company Relationships* The Funds' portfolio companies may be counterparties or participants in agreements, transactions or other arrangements with portfolio companies of other investment Funds managed by Southfield or other Southfield affiliates that, although Southfield determines to be consistent with the requirements of such Funds governing agreements, might not have otherwise been entered into but for the affiliation with Southfield and which may involve fees and/or servicing payments to Southfield-affiliated entities which are not subject to the management fee offset provisions. For example, Southfield may cause portfolio companies to enter into agreements regarding group procurement, and other similar operational initiatives that may result in commissions or similar payments, including those related to a portion of the savings achieved by the portfolio company.

*Common Service Providers.* Southfield and Southfield affiliates including portfolio companies may engage other common service providers. In such circumstances, there will be a conflict of interest between Southfield and Southfield affiliates in determining whether to engage such service providers, including the possibility that Southfield will favor the engagement or continued engagement of such persons if it receives a benefit from such service providers, such as lower fees, that it would not receive absent the engagement of such service provider by the Southfield affiliates.

*Subsequent Investments.* In addition, Southfield will, from time to time, consider, and reject an investment opportunity on behalf of one Fund, and another Fund or affiliates of Southfield, including employees, may subsequently determine to make an investment in the same company. A conflict of interest arises because the investing party is likely to benefit from the initial evaluation, investigation and due diligence undertaken by Southfield on behalf of the original Fund considering the investment. In such circumstances, the investing party will not be required to make any payment to the original Fund for the value of the work performed by Southfield on behalf of the original fund.

*Cross-Transactions.* In certain cases, the Firm and its affiliates will, from time to time, cause a Fund to purchase investments from another Fund, or it will cause a Fund to sell investments to another Fund. By way of example, (1) Southfield may raise capital for a new Fund with the express purpose of acquiring one or more investments from one or more existing Funds or (2) the Firm may cause or facilitate an investment of one Fund to acquire the assets of, or merge into, an investment of another Fund. Such transactions create conflicts of interest because, by not exposing such buy and sell transactions to the full universe of potential counterparties, a Fund may not receive the best price otherwise possible, or the Firm or its affiliates might have an incentive to improve the performance of one Fund by selling underperforming assets to another Fund, for example, to earn fees or increase Carried Interest payable to the Firm or its affiliates. Except for any such transactions contemplated and governed by the Advisory Agreements of a Fund, any such transaction involving a purchase or sale by a Fund from or to another Fund would be subject to the approval of the applicable "Advisory Committees" or a vote of such Fund's investors (pursuant to the terms of the applicable Advisory Agreements) as well as compliance with any applicable terms and conditions of such Fund's Advisory Agreements.

Southfield has established certain policies relating to cross transactions, including that appropriate disclosures be made to the applicable Fund(s) regarding any proposed cross transactions.

*Principal Transactions.* Section 206 under the Investment Advisers Act of 1940, as amended (the "Advisers Act") regulates principal transactions among an investment adviser and its affiliates, on the one hand, and the clients thereof, on the other hand. Generally, if an investment adviser or an affiliate thereof proposes to purchase a security from, or sell a security to, a client (what is commonly referred

to as a “principal transaction”), the adviser must make certain disclosures to the client of the terms of the proposed transaction and obtain the client’s consent to the transaction. Subject to the next sentence and any applicable Advisory Agreement, in connection with the Firm’s management of the Funds, Southfield and its affiliates are permitted to engage in principal transactions. Southfield has established certain policies and procedures designed to comply with the requirements of the Advisers Act as they relate to principal transactions, including that disclosures required by Section 206 of the Advisers Act be made to the applicable Fund(s) regarding any proposed principal transactions, and that the Fund receives any advance consent to the transaction prior to consummating such a transaction (as provided for in such Fund’s Advisory Agreements).

**Item 9:       Disciplinary Information**

Southfield and its related persons have not been involved in any legal or disciplinary events in the past 10 years that would be material to an investor’s evaluation of the company or its personnel.

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

There are no contractual relationships between Southfield and any other party within the financial industry.

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

- A. A copy of our Code of Ethics is available upon request. Our Code of Ethics includes discussions of our fiduciary duty to clients, political contributions, gifts, entertainment, and trading guidelines.
- B. Not applicable.
- C. Due to the nature of Southfield’s business and investment strategy, it is unlikely, if not impossible, that an employee could place a trade in a recommended security before a client. However, Southfield requires that all self-managed employee securities holdings be reviewed by the Compliance Officer at least quarterly so that the Compliance Officer may ensure that each employee’s trading activity does not present a conflict of interest.
- D. Due to the nature of Southfield’s business and investment strategy, it is unlikely, if not impossible, that an employee could place a trade in a recommended security at the same time as a client. However, Southfield requires that all self-managed employee securities holdings be reviewed by the Compliance Officer at least quarterly so that the Compliance Officer may ensure that each employee’s trading activity does not present a conflict of interest.

**Item 12:       Brokerage Practices**

Southfield focuses primarily on making investments in private securities, thus, Southfield anticipates that investments in publicly traded securities will be infrequent occurrences (e.g., money market instruments pending investment in a portfolio company, securities held as a result of initial public offerings of portfolio companies, going-private transactions, etc.). Therefore, Southfield does not engage in traditional brokerage transactions, utilize any soft dollar relationships with any broker, nor



permit investors to stipulate the direction of brokerage. Also, as a private equity and debt Fund manager, Southfield does not aggregate the purchase or sale of securities across the Funds. However, the Funds may co-invest together, with third parties through joint ventures, Investors or other entities (“Co-Investors”). Such investments may involve risks not present in investments where a Co-Investor is not involved, including the possibility that a Co-Investor may at any time have economic or business interests or goals which are inconsistent with those of the Funds, or may be in a position to take action contrary to the Fund’s investment objectives. In addition, there may be a limited amount of interests available for investing. Thus, the Funds may receive a limited offering due to the Co-Investors investing with the Funds. Also, Co-Investors may receive terms that are more advantageous than those received by the Funds. In the event that a portfolio company becomes publicly traded, Southfield will develop and disclose appropriate procedures for trading, brokerage, soft dollars, trade aggregation, and any other trading or brokerage related issue relevant to Southfield at the time.

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

Southfield reviews the Funds’ holdings on an ongoing basis, both informally and formally through meetings of Southfield’s Investment Committee and Valuation Committee, which is comprised of Southfield’s senior management. Southfield’s Investment Committee works in conjunction with members of Southfield’s team of investment professionals to identify potential investments and continues to monitor such investments once approved by the investment committee. Investment models and capital markets are monitored on a continuous basis. Southfield personnel prepare written quarterly reports and members of the Southfield Investment Committee and Valuation Committee review such reports. The quarterly reports contain a detailed list of holdings, performance review, and general market information.

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

#### *Compensation for Investor Referrals*

Southfield may enter into written agreements with and compensate unaffiliated third parties for soliciting new investors to certain of the Funds. Under such agreements, Southfield agrees to pay a placement agent a percentage of the amounts invested into a Fund to the extent the investors were referred by the placement agent. Such placement fees are paid initially by the applicable Fund, but management fees owed by such Fund to Southfield are correspondingly reduced so that Southfield, and not the Fund (or its investors), bears the cost of placement fees. The use of any placement agent is fully disclosed to investors referred by such placement agent.

#### *Economic Benefits from Non-Clients*

As discussed in Item 5 - Fees and Compensation above, Southfield may receive fees in respect of services it provides to portfolio companies, and may receive transaction fees in connection with the acquisition or disposition of portfolio companies. In addition, Southfield may receive “breakup” fees in connection with proposed investments which are not consummated. A percentage of the fees Southfield receives will be applied to reduce the quarterly management fee of the applicable Fund, as detailed in the governing documents of the Fund. If Southfield receives any transaction fees in connection with the acquisition or disposition of portfolio companies, such transactions fees will be used to pay or reimburse the applicable Funds for costs and expenses incurred by such Funds in

connection with any transaction (whether or not consummated) for which the Fund has not previously been reimbursed.

**Item 15: Custody**

The General Partners of the Funds are related persons to Southfield. As the General Partners have access to the assets of the Funds, and indeed provide certain managerial services to the Funds, the General Partners, and through them, Southfield, have custody of client Funds. The Funds are audited at least annually by a PCAOB registered accounting firm.

**Item 16: Investment Discretion**

In accordance with the terms and conditions of the governing documents, and subject to the direction and control of the General Partner of each Fund, Southfield generally has discretionary authority to determine, without obtaining specific consent from the Funds or its Limited Partners, the securities and the amounts to be bought or sold on behalf of the Funds, and to perform the day-to-day investment operations of the Funds.

**Item 17: Voting Client Securities**

In accordance with its fiduciary duty to clients and Rule 206(4)-6 of the Advisers Act, Southfield has adopted and implemented written policies and procedures governing the voting of client securities. All proxies that Southfield receives will be treated in accordance with these policies and procedures. A copy of Southfield's written proxy voting policies and procedures, as well as a record of how Southfield has voted in the past, will be maintained and available for review upon written request.

The Funds are primarily invested in privately-held portfolio company investments which typically do not issue proxies; therefore, the traditional concept of voting of proxies and participation in class actions is not currently applicable to Southfield. The investment opportunities that Southfield seeks allows the Funds to have influence on the management, operations and strategic direction of the portfolio companies in which it invests; through its majority interest and/or through its employees who sit as officers and directors on portfolio company boards. The exercise of control and/or significant influence over a portfolio company imposes additional risks of liability for product defects, environmental damage, failure to supervise management and other types of liability in which the limited liability generally characteristic of business operations may be ignored. The exercise of control and/or significant influence over a portfolio company could also expose the assets of the Funds to claims by such portfolio company, its security holders and its creditors. While Southfield intends to manage the Funds in a way that will minimize exposure to these risks, the possibility of successful claims cannot be precluded.

Southfield will seek to avoid material conflicts of interest between its own interests on the one hand, and the interests of its Funds on the other. However, as is typical with private equity investing, Southfield seeks and accepts the election of one or more of Adviser's representatives to serve on the board of directors on behalf of its Funds and will typically, but not always, vote in favor of board recommendations. In situations where Southfield is required to vote the proxy for a company in which employees of Southfield serve on the board of directors, Southfield has determined that this does not inherently present a conflict of interest, as the sole purpose of this representation is to maximize the return on the Funds' investment in such portfolio company. Accordingly, while Southfield is generally,

but not automatically, fully supportive of recommendations made by a portfolio company's board of directors with respect to proxy votes related to that issuer, it will review all proxies in accordance with its proxy voting guidelines and may or may not vote in favor of the board's recommendation.

All conflicts of interest will be resolved in the interests of the Funds. In situations where Southfield perceives a material conflict of interest, Southfield may defer to the voting recommendation of a Fund's Advisory Board, where applicable, or take such other action in good faith which would protect the interests of such Fund.

Copies of relevant proxy logs, identifying how proxies were voted in connection with a Fund and copies of proxy voting policies are available to any client or prospective client upon written request to: Attn: Chief Compliance Officer, Southfield Capital, LLC, 140 Greenwich Avenue, 4<sup>th</sup> Floor, Greenwich, CT 06830.

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

Southfield does not require the prepayment of fees more than six (6) months in advance and therefore has not provided a balance sheet with this brochure.

Southfield has discretion over the Fund's investments. There are no material financial circumstances or conditions that would reasonably be expected to impair our ability to meet our contractual obligations to our clients.