

ITEM 1. COVER PAGE

Form ADV Part 2A: FIRM BROCHURE



ACORN GROWTH COMPANIES, LC

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This brochure (this “Brochure”) provides information about the qualifications and business practices of Acorn Growth Companies, LC (the “Firm”, “Acorn”, “we”, “us” and similar terms). If you have any questions about the contents of this brochure, please contact us at (405) 737-2676 or at jmorton@acorngc.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Acorn is a registered investment adviser. Registration of an investment adviser with the SEC does not imply a certain level of skill or training.

Additional information about Acorn Growth Companies, LC is also available on the SEC’s website at www.adviserinfo.sec.gov.

ITEM 2. MATERIAL CHANGES

This update is to update the Item 1. Cover Page, this Item 2. Material Changes, and Item 8. Methods of Analysis, Investment Strategies and Risk of Loss. There have been no material changes to any other Items from Acorn's last brochure filed in May 2022. We encourage you to read this Form ADV Part 2A brochure in its entirety.

Pursuant to SEC rules, Acorn provides a summary of material changes to its Brochure within 120 days of the close of Acorn's fiscal year. Acorn may provide further disclosures about material changes as deemed necessary. Additionally, Acorn will provide investors a new Brochure as necessary, without charge. Acorn's Brochure may be requested by contacting our Chief Compliance Officer, at 405-737-2676 or jmorton@acorngc.com.

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ITEM 4. ADVISORY BUSINESS

Acorn Growth Companies, LC, is an Oklahoma-based private equity investment advisory firm formed in 2000. It invests in lower middle market companies focused exclusively on aerospace, defense and intelligence (“AD&I”). Acorn Growth Companies, LC is the “filing adviser” and Acorn Growth Companies, LLC is a “relying adviser” (together with the Funds’ general partners, “Acorn”, the “Firm” or the “Adviser”). It also has an office in Washington, D.C. Acorn is owned by Jeff Davis and Rick Nagel. For more information about Acorn’s owners and executive officers, see Acorn’s Form ADV Part 1A, Schedule A and Schedule B.

Acorn provides portfolio management and investment advisory services as a private equity manager to a number of private pooled investment vehicles (each, a “Fund”), which are typically formed in different entities in order to accommodate different investor types on both a discretionary and non-discretionary basis. Interests in the Funds are privately offered to qualified investors in the United States and elsewhere. Funds from the same group invest proportionally in portfolio companies based on capital commitments. In certain circumstances, as more fully described in Item 7 below, the Firm also permits certain investors and third parties to co-invest directly into a portfolio company. Such direct co-investments are not considered Funds or clients of Acorn. For additional information on how the Firm determines when an investment should be considered for co-investment and how the Firm may allocate such opportunities, please see Item 7 below.

Each Fund is affiliated with a general partner (“General Partner”) which has the authority to make investment decisions on behalf of such Fund and is deemed to be registered with the SEC under the Investment Advisers Act of 1940 (the “Advisers Act”) pursuant to Acorn’s registration. While the General Partners maintain ultimate authority over the respective Funds, Acorn has been delegated the role of investment adviser. For more information about the Funds and General Partners, please see Acorn’s Form ADV Part 1A, Schedule D, Sections 7.A. and 7.B.(1).

The Funds make primarily control investments through negotiated transactions in operating entities, generally referred to herein as “Portfolio Companies.” For the Funds managed on a discretionary basis, Acorn’s investment advisory services include the acquisition, monitoring, managing and disposition of investments made by the Funds. For some of its Funds, Acorn provides non-discretionary investment advice. The Firm’s principals or other personnel and/or third parties appointed by Acorn will generally serve on such Portfolio Companies’ respective boards of directors or otherwise act to influence control over management of Portfolio Companies held by the Funds.

Although investments are made predominantly in non-public companies, investments in public companies are permitted subject to certain limitations set forth in the applicable Fund’s private placement memorandum, limited partnership agreement, investment management agreement, side letter agreements and other governing documents of the relevant Fund (collectively, the “Governing Documents”).

Acorn’s advisory services are tailored to the investment strategies of the Funds. Acorn does not tailor its advisory services to the individual needs of investors in its Funds; the Firm’s investment advice and authority for each Fund is tailored to the investment objectives of that Fund. These objectives are described in the Fund’s Governing Documents. The Firm does not seek or require investor approval regarding each investment decision in its discretionary Funds.

Fund investors generally cannot impose restrictions on investing in certain securities or types of securities, other than through side letters agreements. Investors in the Funds participate in the overall investment program for the applicable Fund and generally cannot be excused from a particular investment except

pursuant to the terms of the applicable Governing Documents. Acorn has entered into side letters or similar agreements with certain investors including those who make substantial commitments of capital or who were early-stage investors in the Funds, or for other reasons in the sole discretion of Acorn, in each case that have the effect of establishing rights under, altering or supplementing a Fund's Governing Documents. Such rights include co-investment preferences, certain fee arrangements, notification provisions, reporting requirements and "most favored nations" provisions, among others. These rights, benefits or privileges are not always made available to all investors nor in some cases are they required to be disclosed to all investors. Side letters are negotiated at the time of the relevant investor's capital contribution, and once invested in a Fund, investors generally cannot impose additional investment guidelines or restrictions on such Fund.

Wrap Fee Programs

The Firm does not participate in any wrap fee programs.

Assets Under Management

As of December 31, 2022, Acorn managed approximately \$ 496,782,115 in regulatory assets under management, of which \$ 495,814,245 were managed on a discretionary basis and \$ 967,870 were managed on a non-discretionary basis.

ITEM 5. FEES AND COMPENSATION

Acorn receives management fees and its affiliated General Partners are allocated carried interest as compensation for providing investment advisory services to the Funds. The following is a general description of fees, compensation, and expenses of the Funds. Differences exist from Fund to Fund, and certain Funds do not charge certain fees, compensation, or expenses that other Funds charge. In addition, the General Partner of each relevant Fund may be permitted, in its sole discretion, to waive or reduce an investor's management fee or carried interest allocation. The General Partners or other Acorn entities or affiliates receive additional compensation in connection with management and other services performed for Portfolio Companies of the Funds, as described more fully below. Such additional compensation may reduce in part, depending on the Fund, the management fees otherwise payable to Acorn. Investors in the Funds also bear certain expenses, as described more fully below.

Each Fund's Governing Documents describe fees, compensation, and expenses in greater detail. Investors should refer to the Governing Documents of the applicable Fund for a complete understanding of how Acorn is compensated for its advisory services. The information contained herein is a summary only and is qualified in its entirety by such documents.

Management Fees

Acorn charges each Fund a management fee (the "Management Fee"), generally 2% per annum of the non-affiliated investors' (as defined in the Governing Documents) aggregate capital (either committed or invested, depending on the life-stage of the applicable Fund). The Management Fee charged to each Fund is described (i) in full detail in the relevant Fund's Governing Documents and (ii) more briefly below. Generally, Management Fees are initially calculated based upon each investor's committed capital for the period of time during which each Fund is making investments; thereafter, the Management Fee will be equal to a percentage of each investor's invested capital, subject to other various factors as specified in each Fund's Governing Documents. Generally, investors participating in a subsequent closing after the

initial closing of a Fund are responsible for paying the Management Fee as of the date of the initial closing of such Fund, plus interest, as applicable.

The General Partners are permitted, in their sole discretion, to waive all or a portion of the Management Fee. Management Fees differ from one Fund to another, as well as among investors in the same Fund. Such differences can arise from the size of an investor's commitment to a Fund, different investor classes, provisions of side letter agreements or other negotiated terms. Fees are generally waived for Acorn employees, affiliates and their families investing in a Fund. Similarly, investors who make co-investments generally pay no Management Fee, or pay a reduced Management Fee, on the co-investment portion of their investment.

Carried Interest

As described in Item 6 below, each Fund General Partner is entitled to receive performance-based compensation (referred to as "Carried Interest") with respect to the Funds, which is generally equal to 20% of all realized profits after an 8% annually compounded preferred return is paid to the underlying Fund investors. Each Fund's Carried Interest calculation is further described in the relevant Fund's Governing Documents.

Other Fees and Information

Acorn or the relevant Fund's General Partner bears all ordinary administrative and overhead expenses incurred in connection with maintaining and operating its offices, including compensation for employees' salaries (except as permitted in the relevant Fund Governing Documents), rent and equipment expenses, utilities and similar expenses.

Each Fund generally bears all expenses relating to its activities (to the extent not reimbursed by a Portfolio Company), including, but not limited to: (i) all expenses incurred in connection with the evaluation, acquisition, holding, monitoring, refinancing, recapitalization, disposition or proposed disposition of any investments (including private placement fees, taxes, brokerage fees, sales commissions, underwriting commissions and discounts, appraisal fees, asset management fees and legal, accounting, administrator and consultant fees, and travel including premium and private travel); (ii) costs and fees relating to the preparation of financial and tax reports, investor reports and communications, portfolio valuations and tax returns of the Fund; (iii) the costs of prosecuting any legal action for or on behalf of (or defending any legal action against) the Fund or its subsidiaries; (iv) all costs related to the Fund's indemnification of, as applicable, its general partner, the Firm, each of their members, partners and affiliates and the members of the Fund's advisory committee; (v) interest on and fees and expenses arising out of all permitted borrowings made by the Fund; (vi) the costs of any litigation, director and officer liability or other insurance and indemnification or extraordinary expense or liability relating to the affairs of the Fund; (vii) all unreimbursed out-of-pocket costs relating to the investment transactions that are not consummated (including legal, accounting and consulting fees); (viii) research fees and expenses (including publications and quotation services); (ix) data feed expenses; (x) risk and office management software fees, Fund compliance expenses; (xi) regulatory filing expenses (e.g., Form PF); (xii) all expenses of liquidating the Fund; and (xiii) any taxes, fees or other governmental charges levied against the Fund and all expenses incurred in connection with any tax audit, investigation, settlement or review of the Fund.

Specifically, with respect to the Funds, each Fund generally bears its own organizational and offering expenses (collectively, "Organizational Expenses") incurred in connection with the formation and offering of interests in the relevant Fund, including any placement agent fees. The Management Fee for the Funds, if applicable, will be reduced dollar-for-dollar by the amount of Organizational Expenses in excess of a pre-set amount, as set forth in the relevant Fund's Governing Documents.

Portfolio Companies directly bear certain expenses relating to their operation and management, including, among other things, certain legal, consulting, financing and accounting fees and expenses; certain insurance costs; expenses associated with Acorn travel relating to the relevant Portfolio Company; and expenses associated with proposed investments and the acquisition, holding and disposition of Portfolio Company investments, including extraordinary expenses such as litigation.

In addition, Acorn or its affiliates may receive certain supplemental fees and compensation with respect to portfolio companies, including, but not limited to, all transaction fees, closing fees, advisory/monitoring fees, consulting fees, directors' fees, breakup fees, commitment fees, litigation proceeds and other similar fees (whether in the form of cash, securities or otherwise) which are paid (directly or indirectly) by, and in connection with, portfolio companies or prospective portfolio companies of the Funds. The amount of such fees is determined by Acorn on a transaction by transaction basis, subject to the terms set forth in each Fund's Governing Documents. All such fees received may be offset in whole or in part, depending on the Fund, against the Management Fee, as specified in each Fund's Governing Documents, and are paid net of any expenses incurred in connection with portfolio companies, whether or not consummated; however, as discussed further below, any such fees paid to individuals that are not Acorn employees are not subject to an offset against Management Fees. Any reimbursement by a portfolio company of out-of-pocket expenses incurred by Acorn or a General Partner will not be offset against the Management Fee payable by the Funds. Any reduction of a Fund's Management Fees will be applied pro rata based on the capital invested in the applicable investment by the Funds that charge Management Fees, in accordance with the applicable Fund's Governing Documents.

Acorn will, on occasion, appoint a third party to serve on a board of directors of an Acorn portfolio company and any fees earned for board service will be paid by the relevant portfolio company and not offset against Management Fees. Similarly, such third party may also be reimbursed by a portfolio company for the cost of their travel to and from a portfolio company board meeting or other portfolio company business. None of these payments, board fees or reimbursements will offset the Management Fee.

Funds may incur brokerage and other transaction costs to the extent a Fund may hold publicly traded securities. See Item 12 for a detailed discussion of our brokerage practices.

Allocation of Fees and Expenses

In good faith and in its fair and reasonable discretion, Acorn determines on a case-by-case basis whether an expense should be borne by the Firm, a Fund, multiple Funds, or a portfolio company. To the extent that the Governing Documents do not expressly provide for a method of allocation or to the extent that an invoice does not relate to a specific Fund, Acorn will typically allocate common expenses among multiple Funds on a pro rata basis and in accordance with its policies and procedures on expense allocation, unless another method is more equitable. Where one or more Funds to which an expense would otherwise be allocable are not permitted to receive an allocation based on the applicable Governing Documents, the portion of the expense attributable to such Fund(s) will be borne by Acorn.

Payment of Fees

Management Fees are typically paid on a quarterly basis in advance and some are paid upon the successful closing of transactions by such Funds. In the event that the advisory contract is terminated before the end of the billing period, the Fund may obtain a refund of a pre-paid fee. In general, the amount of fees returned is calculated based on the number of days remaining in the applicable period. The Funds are closed-ended investment vehicles intended for a long-term investment. Management Fees are expected to be paid, except

as otherwise described in the relevant Governing Documents, and investors generally are not permitted to withdraw or redeem interests in the Funds.

Certain other fees paid to the Firm or its affiliates, including transaction and advisory fees, are generally borne by Portfolio Companies and, thus, borne by the Funds who invest in such Portfolio Companies. Transaction and advisory fees received by the Firm or its affiliates in a given fiscal year in excess of a pre-set amount, as set forth in the relevant Fund's Governing Documents, are applied as a credit to reduce the Management Fee (if applicable) of the relevant Fund.

Carried Interest is assessed periodically, typically after the receipt by the Funds of proceeds from a Portfolio Company and are paid out of gains otherwise allocable to the Funds' investors.

Neither Acorn nor its supervised persons accept compensation for the sale of securities or other investment products other than as described in this Item 5 and in Item 6, below.

ITEM 6. PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As described in Item 5, Acorn is entitled to receive Carried Interest from the Funds only after the initial investment plus a predetermined annual preferred return have been paid in full to the relevant Fund's investors. All performance-based fees are structured subject to Section 205(a)(1) of the Advisers Act, including the exemption set forth in Rule 205-3 under the Advisers Act permitting performance-based fee arrangements with "qualified clients." Accordingly, Acorn seeks to ensure that all investors satisfy the qualifications of Rule 205-3 and have been advised of the terms of such performance-based fees and the associated risks.

Performance-based fees may create an incentive for Acorn to cause the Funds to make investments that may be riskier or more speculative than those that would be made under a different fee arrangement. However, Acorn is committed to fulfilling its fiduciary duty to the Funds, to act at all times in the best interest of the Funds. To this end, Acorn has implemented internal controls to address the potential conflicts associated with performance-based fees. Acorn also believes this incentive is sufficiently mitigated due to the fact that: (i) the applicable Governing Documents create limitations on the ability of Acorn to establish new investment funds; (ii) any losses the Funds sustain will reduce the relevant General Partner's Carried Interest distribution; (iii) Carried Interest is generally calculated only after investors have received as distribution 100% of their capital contributions related to realized investments and Fund expenses, plus a preferred return; and (iv) a General Partner often makes a substantial commitment to a Fund to invest its own capital alongside the investors.

Acorn will not allocate investment opportunities based in whole or in part on: (i) the relative fee structure or amount of fees paid by any Fund or (ii) the profitability of any Fund.

ITEM 7. TYPES OF CLIENTS

As described in Item 4, Acorn provides discretionary investment advice to certain of its Funds and non-discretionary investment advice to other of its Funds. Interests in the Funds are offered privately to a limited number of sophisticated investors, including individuals as well as institutional investors such as other investment entities, university endowments, family offices, pension and profit-sharing plans, trusts, estates or charitable organizations or other corporations or business entities. The Funds limit their investors to persons or institutions who are (i) "accredited investors" as defined in the Securities Act of 1933, as

amended (“Securities Act”), (ii) “qualified clients,” as defined in the Advisers Act or (iii) “qualified purchasers” or “knowledgeable employees,” each as defined in the Investment Company Act of 1940, as amended (“Investment Company Act”). The Funds are not registered or required to be registered under the Investment Company Act; are not made available to the general public; their securities are not registered or required to be registered under the Securities Act; and Fund interests are privately placed to qualified investors in the United States and elsewhere.

Acorn serves as the investment adviser for co-investments that invest in a Fund and also facilitates direct co-investments in a Fund portfolio company. As referenced in Item 4 above, in certain cases co-investments have been structured either as (i) a co-investment in a Fund or (ii) a direct investment by certain investors into a Portfolio Company or its holding or operating company. When structured as a co-investment in a Fund, Acorn considers the co-investment vehicle to be a Fund client, identifies the Fund in its Form ADV Part 1A, Schedule D, Section 7.B.(1), obtains an audit for the Fund, assesses a Management Fee and Carried Interest on such Fund in accordance with the relevant Fund Governing Documents, and includes the amount of assets of such Fund in the Firm’s regulatory assets under management. In the case of direct co-investments, Acorn does not consider the co-investment to be a Fund or a client, does not act as the investment adviser to the co-investment portion of the investment, does not charge Management Fees or Carried Interest to the investment, does not have custody of the investment or include the amount of assets of the co-investment in the Firm’s regulatory assets under management.

Co-investment opportunities for investors generally arise when Acorn determines that: (i) the Fund’s allocation to a Portfolio Company has been fully met under the Fund’s investment guidelines; (ii) the amount available for investment in a Portfolio Company exceeds a prudent allocation to the relevant Fund; and/or (iii) an allocation to an investor or third party would provide a strategic benefit with respect to a Portfolio Company and, accordingly, to the Fund’s ownership interest in the portfolio company. Subject to any restrictions contained in the Governing Documents of the relevant Fund or any side letter or other terms negotiated with respect to such Fund, in general Acorn has discretion when determining who will be permitted to participate in a co-investment opportunity. In determining which investors will be eligible for co-invest opportunities, Acorn considers a variety of factors, including: (i) the ability of the investor to provide strategic benefits to a Portfolio Company (such as specific industry or operational knowledge and/or expertise and access to additional financing), which are expected to benefit the relevant Fund’s ownership interest in a portfolio company; (ii) the investor’s ability to evaluate and consummate a transaction on the timeline of the relevant Fund; and (iii) the size of an investor’s commitment to a Fund. In such circumstances, the size of the investment opportunity otherwise available to Acorn’s Fund(s) is likely to be less than it would otherwise have been without the inclusion of such co-investors.

Co-investments typically involve investment and disposal of interests in the applicable portfolio company at the same time and on the same terms as a Fund making the investment. However, from time to time, for strategic and other reasons, a co-investor or co-investment vehicle, including a co-investment fund, purchases a portion of an investment from one or more Funds after such Fund(s) have consummated their investment in the portfolio company (also known as a post-closing sell-down or transfer). Any such purchase from a Fund by a co-investor or co-investment vehicle generally occurs in a period of time after the Fund’s completion of the investment to avoid any changes in valuation of the investment. Where appropriate, and in Acorn’s sole discretion, Acorn is authorized to charge interest on the purchase to the co-investor or co-investment vehicle, and to seek reimbursement to the relevant Fund for related costs. However, to the extent such amounts are not so charged or reimbursed, they generally will be borne by the relevant Fund.

ITEM 8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Investment and Operating Strategy

As referenced in Item 4 above, we generally seek investment opportunities that are focused on companies operating in the AD&I sector, have not yet developed to their full potential, and where we can play a role in enhancing the target companies value. We seek growth for Portfolio Companies through supporting the implementation of value-added strategies, such as management team enhancement, growth through our industry knowledge and relationships, capital investment, geographic and customer expansion, and product and service line extension.

We proactively leverage several differentiated sources to generate deal flow relative to each Fund's investment objectives, including our extensive network of relationships across the commercial aerospace, defense industry, and intelligence community developed by Acorn and its management team throughout their careers.

In screening potential investment opportunities, we seek to implement a due diligence process that is aimed at assessing and quantifying the opportunities for, and challenges to, value creation faced by such potential Portfolio Companies. Such processes typically involve research of a prospective Portfolio Company's markets served, competitive position, capabilities, customer relationships, business environment, potential for future growth and ultimate realization of value, but may vary depending on the facts and circumstances relating to the particular investment opportunity, including the type of information available to us. Our efforts are typically augmented by outside industry advisers, accountants, lawyers, and other relevant experts that we deem are necessary. In addition, we focus on the potential investment's strategic fit within the relevant Fund's overall portfolio and how it can benefit from shared services arrangements with Acorn's other Portfolio Companies.

In executing investments, we seek to invest at attractive valuation levels, maintain price discipline and differentiate between market overreactions or cyclical valuation peaks and long-term sustainable valuations. In particular, we seek to implement capital structures that support value-creation strategies and future growth, with a preference for avoiding excessive leverage. We also work closely with management of our Portfolio Companies to assess whether strategic acquisition, internal capital investment, geographic expansion or product line extension provides a clear strategy for creating long-term value.

Post-investment, Acorn monitors Portfolio Companies closely, regularly speaking with management and regularly receiving performance reports. Furthermore, our personnel may serve on the board of directors of our Funds' Portfolio Companies. This regular contact is intended to permit us to assess opportunities for Portfolio Company growth, identify the optimal realization point and find suitable exits.

Risks of Investment

An investment in the Funds involves a high degree of risk, including the risk of a partial or total loss of capital, and investors must be prepared to bear capital losses which might result from investments. An investment in the Funds is speculative, illiquid and long-term in nature, and is suitable only for those investors who have the financial sophistication and expertise to evaluate the merits and risks of an investment in the Funds and for which the respective Fund does not represent a complete investment program. Investors should also refer to a Fund's Governing Documents for a description of the risk factors specific to their Fund. Different or new risks not addressed below may arise in the future and, therefore, the following list is not intended to be exhaustive. While the following discusses risks as they relate to the

Funds, co-investments will also be subject to some or all of the following risks, depending on the risks associated with the applicable transaction or investment strategy. Risks and potential conflicts of interest include, but are not limited to, the following:

Suitability. An investment in the Funds is not suitable for all investors. An investment is suitable only for sophisticated investors and an investor must have the financial ability and experience to understand, the willingness to accept, and the financial resources to withstand, the exposure to the risks and lack of liquidity inherent in an investment in the Funds. Investors with any doubts as to the suitability of an investment in the Funds should consult professional advisors to assist them in evaluating their own legal, tax, accounting and financial merits and risks of an investment in the Funds in light of their own circumstances and financial condition.

Nature of the Funds' Investments. The Funds have been established to invest primarily in lower middle market private companies in the AD&I sectors. The Funds' investments will include companies at early to middle stages of development. As such, the Funds are undertaking high risk investments, and there is a potential for investors to experience a partial or total loss. The targeted industry sectors have experienced, and investors should expect these sectors to experience, high volatility due to many factors that are difficult or impossible to predict. Those factors include general economic conditions, changes in the levels of supply and demand of products and services, new discoveries in related technologies, and geopolitical instability. While Acorn can seek to mitigate some of these risks to a limited extent by employing a sound investment process and methodology, no guarantee or representation is made that the Funds' investments will be successful.

Past and Future Performance. The prior performance of the Funds is not necessarily indicative of future results. While Acorn intends for the Funds to make investments that have estimated returns commensurate with the risks undertaken, there can be no assurances that such returns will be achieved. On any given investment, loss of principal is possible.

Aerospace and Defense Sector. The Fund's assets will be concentrated in the AD&I industry, a component of the industrial sector, which means that the Fund will be more affected by the performance of the AD&I industry versus an investment fund that is more diversified.

Commercial aerospace is impacted by economic cycles, OEM backlogs and public demand for air travel. Further, the aerospace industry can be impacted by competition within the industry, labor relations and the price of fuel. Airline deregulation has substantially diminished the United States government's role in the air transport industry while promoting an increased level of competition. However, various domestic and foreign governments' regulations and policies can still affect the profitability of individual carriers as well as that of the industry as a whole. Transportation securities are cyclical and have occasional sharp price movements which may result from changes in the economy, fuel prices, labor agreements and insurance costs. The air transportation industry can be significantly affected by these factors as well as geopolitical developments affecting the demand for air travel.

Defense and intelligence companies can be significantly affected by government regulation and spending policies, as companies involved in this industry rely to a large extent on United States (and other) government demand for their products and services. Thus, the financial condition of, and investor interest in, defense and intelligence companies are heavily influenced by governmental defense spending policies which are typically under pressure from efforts to control the United States (and other) government budgets. As a result, companies involved in these industries could be adversely impacted by future reductions or changes in government spending. Government spending, generally, is not correlated with any economic cycle, but rather is dependent to a large degree on the level of general political support for

this type of expenditure. There is no assurance that future levels of defense and intelligence spending will increase, or that levels of spending in this area will not decrease in the future.

Portfolio Companies that are heavily dependent on U.S. government contracts, are also subject to contracts which may be only partially funded. These contracts are subject to the government's political and budgetary constraints (which can change), changes in short-range and long-range plans, the timing of contract awards, the congressional budget authorization and appropriation processes, the government's ability to terminate contracts for convenience or for default, as well as other risks such as contractor debarment in the event of certain violations of legal and regulatory requirements. Portfolio Companies providing services under U.S. government contracts are also subject to extensive regulation and audit by agencies of the U.S. government. If such Portfolio Companies are subject to adverse audits or regulatory or legal actions by the U.S. government, such Portfolio Companies could be subject to liabilities, penalties, and disqualification from future government contracts, adversely affecting the business and results of the Funds.

Industry Concentration. Market conditions, interest rates and economic, regulatory, or financial developments could significantly affect a single industry or group of related industries, and the securities of companies in that industry or group of industries could react similarly to these or other developments. In addition, from time to time, a small number of companies may represent a large portion of a single industry or group of related industries as a whole, and these companies can be sensitive to adverse economic, regulatory, or financial developments.

Privately Held Companies. Investments by the Funds will consist primarily of securities issued by privately held companies, and operating results over any specified period will be difficult to predict. Such investments involve a high degree of business and financial risk that can result in substantial losses.

Early Stage Investments. The Funds are permitted to make investments in early stage companies that have inherently greater risk than more established businesses. Accordingly, the growth of these companies can frequently require significant time and effort resulting in a longer investment horizon than can be expected with lower risk investment alternatives. Such investments can experience failure or substantial declines in value at any stage. There is no assurance that such investments by the Fund will be successful.

Lower Middle Market Growth Equity Transactions. The Funds' strategy includes targeting lower middle market growth equity investments in companies with undeveloped, partially developed, and unexploited resources that have inherently greater risk than other types of investments. While such investments generally offer the opportunity for significant capital gains, such investments also typically involve a higher degree of business and financial risk that can result in a substantial or total loss. Therefore, such Portfolio Companies are expected, in some circumstances, to operate at a loss or with substantial variations in operating results from period to period, and many will need substantial additional capital to support additional research and development activities or expansion, to achieve or maintain a competitive position, and/or to expand or develop management resources. Lower middle market Portfolio Companies can face intense competition, including from companies with greater financial resources, better brand recognition, more extensive development, marketing and service capabilities and a larger number of qualified managerial and technical personnel.

Highly Competitive Market for Investment Opportunities. The business of identifying and structuring investments of the types contemplated by the Funds is highly competitive and involves a high degree of uncertainty. Furthermore, the availability of investment opportunities generally will be subject to market conditions as well as, in some cases, the prevailing regulatory or political climate. Accordingly, there can be no assurance that a Fund will be able to identify and complete suitable investments, acquire them for an appropriate level of consideration, achieve any particular rate of return, or be able to invest fully its

committed capital. However, investors will be required to bear annual Management Fees during the commitment period based on the entire amount of their commitments and other expenses as set forth in the Governing Documents.

Limited Number of Investments. Each fund generally invests in a limited number of Portfolio Companies and, as a result, its returns may be affected by the performance of a single investment. The funds also seek to make investments in primarily the aerospace, defense, and intelligence industry and as such the impact of any single economic, political or regulatory event could have a greater negative impact to the value of such fund and its aggregate return than would likely be the case if we invested in diversified industries. Furthermore, to the extent that the capital raised is less than the targeted amount, the Funds would invest in fewer Portfolio Companies and thus be less diversified.

Third-Party Involvement. Subject to the relevant governing documents, the Clients may co-invest with third parties through partnerships, joint ventures, or other entities. Such investments may involve risks not present in investments where a third-party is not involved, including the possibility that a third-party co-venturer or partner may at any time have financial difficulties resulting in a negative impact on such investment, economic or business interests or goals that are inconsistent with those of the Client, or may be in a position to take or block action contrary to the Client's investment objectives. In addition, the Client may in certain circumstances be liable for actions of its third-party co-venturer or partners. Furthermore, if a co-venturer defaults on its funding obligations, the Client may be required to make up the shortfall.

Reliance on Portfolio Company Management. Although the General Partner may require representation on the board of directors of each of the Portfolio Companies, and affiliates of the General Partner may provide select services to the Portfolio Companies, the Fund will not have an active role in the day-to-day management of the companies in which it invests. As such, there can be no assurance that the existing management team, or any successor, will be able to successfully operate the Portfolio Company in accordance with such Fund's plans. To the extent that the senior management of a Portfolio Company performs poorly, or if a key executive terminates employment, the Fund's investment in such company could be adversely affected.

Projections. Projected operating results of a Portfolio Company in which the Funds invest normally will be based primarily on financial projections prepared by each company's management. In all cases, projections are only estimates of future results that are based upon assumptions made at the time the projections are developed. There can be no assurance that the results set forth in the projections will be attained, and actual results would, depending on the circumstances, be expected to differ significantly from the projections. Also, general economic factors, which are not predictable, can have a material impact on the Portfolio Company's future performance.

Follow-On Investments. Following its initial investments in Portfolio Companies, the Fund expects that Portfolio Companies may require additional funding and that the Fund may have the opportunity to increase its investment in successful Portfolio Companies. There can be no assurance that the Fund will make follow-on investments or that the Fund will have sufficient funds to make such investments. Any decision by the Fund not to make follow-on investments, or its inability to make them, may have a substantial adverse effect on a Portfolio Company in need of such an investment or may result in a missed opportunity for the Fund to increase its participation in a successful enterprise, or may cause a decrease in the value of the Fund's portfolio.

Liquidity. Investments in the Funds are illiquid. An investment in the Fund requires a long-term commitment, with no certainty of return. The Fund does not expect to generate cash flow in the near term. Most, if not all, of the Fund's investments will be highly illiquid and there can be no assurance that the

Fund will be able to realize on such investments in a timely manner, if at all. Dispositions of such investments may require a lengthy time period or may result in distributions in kind. The Fund will invest in securities of privately held companies, which are not traded on any organized exchange or on a national market, making the timing and ability to liquidate those securities uncertain. This illiquidity may result in an inability to sell those securities at all. The Fund may acquire investments that may not be sold except pursuant to a registration statement filed under the Securities Act or in accordance with Rule 144 or another exemption under the Securities Act. In that event, the Fund's ability to respond to market movements may be impaired and the Fund may experience adverse price movements upon liquidation of its investments.

Financial Market Fluctuations. General fluctuations in interest rates and the market prices of securities and other assets can adversely affect the value of the Funds' Portfolio Companies. Instability and volatility in interest rates and the securities markets can also increase the risks inherent in the Funds' investments. The ability of Portfolio Companies to refinance debt securities may depend on their ability to sell new securities in the debt or equity markets or to borrow from banks or other lenders, which may not be achievable on favorable terms or at all.

Economic Disruptions Due to Pandemics. Pandemics and other widespread public health emergencies, including outbreaks of infectious diseases such as SARS, H1N1/09 flu, avian flu, Ebola and the recent outbreak of COVID-19 have resulted in market volatility and disruption, and future such emergencies have the potential to materially and adversely impact economic production and activity in ways that are impossible to predict, all of which may result in significant losses to the Fund.

Leverage. The Fund may invest in portfolio investments with leveraged capital structures, and the General Partner will seek to use leverage in a manner it believes is prudent. Use of leverage is a speculative investment technique and involves certain risks to investors in the Fund. The use of leverage creates an opportunity for increased income and gains to the investors but also increases the risk of loss of capital. To the extent that any investment is made in a portfolio investment with a leveraged capital structure, such investment will be subject to increased exposure to adverse economic factors such as a significant rise in interest rates, a severe downturn in the economy, or deterioration in the condition of such portfolio investment or its industry. In the event that such a portfolio investment is unable to generate sufficient cash flow to meet principal and interest payments on its indebtedness, the value of the Fund's investment in such portfolio investment could be significantly reduced or even eliminated.

Additionally, underlying portfolio investments may be subject to restrictive financial and operating covenants as a result of their leverage. This leverage may impair these portfolio investments' ability to finance their future operations and capital needs. As a result, their flexibility to respond to changing business and economic conditions and to business opportunities may be limited. A leveraged entity's income and net assets will tend to increase or decrease at a greater rate than if borrowed money were not used.

Although borrowings by a Fund have the potential to enhance overall returns that exceed the Fund's cost of capital, such borrowings increase the potential exposure of a Fund to a particular investment above the level the Fund would have typically made had an investment been limited to equity. Any such borrowings would further diminish returns (or increase losses on capital) to the extent overall returns are less than the Fund's cost of funds. To the extent a Fund uses borrowed funds in advance or in lieu of capital contributions, the Fund's investors generally make later capital contributions, but the Fund will bear the expense of interest on such borrowed funds. In addition, a Fund's use of borrowed funds has the potential to impact the calculation of net performance metrics (to the extent that they measure investor cash flows) and make net IRR calculations higher than they otherwise would be without Fund-level borrowing, as these calculations generally depend on the amount and timing of capital contributions, which timing is

delayed by virtue of the use of the line. While a Fund will bear the expense of borrowed funds, such borrowings can also increase the Carried Interest received by the Fund's General Partner by effectively reducing the preferred return received by the investors and accelerating or increasing distributions of Carried Interest to the relevant General Partner. The General Partners therefore have a conflict of interest in deciding whether to borrow funds because a General Partner has the potential to receive disproportionate benefits from such borrowings.

While leverage presents opportunities for increasing the Fund's total return, it has the effect of potentially increasing losses as well. Accordingly, any event that adversely affects the value of an investment by the Fund would be magnified to the extent the Fund is leveraged. The cumulative effect of the use of leverage by the Fund in a market that moves adversely to the Fund's investments could result in a substantial loss to the Fund that would be greater than if the Fund were not leveraged.

Limitations of Transfer. Investor interests in the Funds have not been registered under the Securities Act, or any other applicable securities laws. There will be no public market for the Funds' interests, and none is expected to develop. There are substantial restrictions upon the transferability of the Funds' interests under each Fund's Governing Documents and applicable securities laws. In general, withdrawals of Funds' interests are not permitted. In addition, Funds' interests are not redeemable. Investors generally are not permitted to withdraw capital from the Funds. Consequently, investors in the Funds will not be able to liquidate their investments prior to the end of the Funds' terms.

Limited Access to Information. Investors in the Funds will have limited rights to information regarding the Funds and its investments. It is anticipated that Acorn will obtain material information regarding investments that will not be disclosed to investors. As a result, an investor that seeks to transfer its interest in a Fund will have difficulty in determining an appropriate price for such interest. It is expected that investors in the Funds who designate representatives to participate on a Fund LPAC will, by virtue of such participation, have more information about such Fund and its investments in certain circumstances than other investors generally and will be disseminated information in advance of communication to other investors generally.

Investor Default. The partnership agreement for each Fund contains significant penalties in the event an investor defaults on its capital commitment or other payment obligations. A defaulting investor will be subject to various default remedies, including without limitation the loss of future distributions from the Fund, forced transfer of its interest in the Fund at less than fair market value, and forfeiture of all or a portion of such investor's investment in a Fund. Acorn is permitted to borrow to cover shortfalls in capital contributions, the costs of which will be allocated to the defaulting investor. Prospective investors should also note that any default by an investor in advancing capital to a Fund could have an adverse impact upon the Fund's ability to complete a transaction and will increase the relative exposure of non-defaulting investors to such transactions. Such defaults will generally cause a Fund to breach its own obligations or lead to the loss of an investment opportunity, either of which consequence could have a material adverse effect on such Fund's performance.

Non-Controlling Investments. The Funds have the ability, at any given time, to hold minority stakes in privately held companies and in some cases will have limited minority protection rights. In addition, during the process of exiting investments, a Fund at times will hold minority stakes of any size such as would be expected to occur if Portfolio Companies are taken public or the relevant Fund receives in-kind consideration for the sale of its investments. As is the case with minority holdings in general, such minority stakes will have neither the control characteristics of majority stakes nor the valuation premiums accorded majority or controlling stakes. Where a Fund holds a minority stake, it will likely be more difficult for such Fund to liquidate its interests than it would be had the Fund owned a controlling interest in such company. Even if the Fund has contractual rights to seek liquidity of such minority interests, it will be

difficult to sell such interests on terms acceptable to the Fund, especially in cases where the interests of the other investors have different business and investment objectives from the Fund.

Director Liability. The Funds will often obtain the right to appoint one or more representatives to the boards of directors (or similar governing body) of the companies in which it invests. Serving on the board of directors (or similar governing body) of a Portfolio Company exposes the Funds' representatives, and ultimately the Funds, to potential liability. It is possible that not all Portfolio Companies will obtain insurance with respect to such liability, or that such insurance that Portfolio Companies do obtain will be sufficient to adequately protect officers and directors from such liability. In addition, involvement in litigation can be time consuming for such persons and can divert the attention of such persons from the Funds' investment activities.

Contingent Liabilities on Disposition of Investments. In connection with the disposition of a portfolio investment, the Fund may be required to make representations about the business and financial affairs of such portfolio investment typical of those made in connection with the sale of a business. The Fund also may be required to indemnify the purchasers of such investment to the extent that any such representations are inaccurate or with respect to certain potential liabilities or indemnify indenture trustees. These arrangements may result in the incurrence of contingent liabilities for which the General Partner may establish reserves or escrows. In that regard, Limited Partners may be required to return amounts distributed to them to fund obligations of the Fund, including indemnity obligations, subject to certain limitations set forth in the Fund Governing Documents.

Side Letters. A General Partner and/or certain Funds have entered into other written agreements ("side letters") with one or more investors. These side letters entitle an investor to make an investment in a Fund on terms (including economic terms) other than those described herein, and in the relevant Fund Governing Documents. There can be no guarantee that any such terms would be more favorable than those offered to other investor.

Fees and Expenses. The Fund will pay and bear all expenses related to its operations, including Management Fees and the costs of sourcing, holding, monitoring, maintaining and disposing of interests in portfolio investments, including investment banking fees and consulting fees, whether or not the Fund makes any profits. While it is difficult to predict the future expenses of the Fund, such expenses may be substantial and may surpass the Fund's operating income. The amount of these partnership expenses will reduce the actual returns realized by investors on their investment in the Fund (and may, in certain circumstances, reduce the amount of capital available to be deployed by the Fund for investments). Fund expenses include recurring and regular items, as well as extraordinary expenses for which it may be hard to budget or forecast. As a result, the amount of the Fund expenses ultimately called or called at any one time may exceed expectations.

Liability of Limited Partners. Generally, a limited partner should not be personally liable for the debts of the Fund except that, in the event the Fund is otherwise unable to meet its obligations, the limited partners may, under applicable law, be obligated to repay amounts previously received by them to the extent such amounts are deemed to have been wrongfully distributed to them, subject to certain limitations set forth in the Partnership Agreement. In addition, any limited partner's Commitment is susceptible to risk of loss as a result of any liability of the Fund irrespective of whether such liability is attributable to an investment to which such partner did not contribute any capital.

Limitation of Recourse and Indemnification. The Partnership Agreement will limit the circumstances under which the General Partner and its affiliates will be held liable to the Fund. As a result, investors may have a more limited right of action in certain cases than they would have in the absence of such provision. In addition, the Partnership Agreement will provide that the Fund will indemnify the General

Partner and its affiliates for certain claims, losses, damages, and expenses arising out of their activities on behalf of the Fund. Such indemnification obligations could materially impact the returns to investors.

Litigation at the Portfolio Company Level. The acquisition, ownership, and disposition of investments in Portfolio Companies entail certain litigation risks. Litigation may be commenced with respect to an investment in a Portfolio Company acquired by a Fund or in relation to activities that took place prior to a Fund's acquisition of such investment. In addition, at the time of disposition, it is possible that a potential buyer will claim that it should have been afforded the opportunity to purchase the Portfolio Company or alternatively that such buyer should be awarded due diligence expenses incurred or statutory damages for misrepresentation relating to disclosures made, if such buyer is passed over in favor of another as part of a Fund's efforts to maximize sale proceeds. Similarly, it is possible that buyers will later sue a Fund or a Portfolio Company under various damage theories, including those sounding in tort, for losses associated with problems not uncovered in due diligence.

Lack of Sufficient Investment Opportunities. It is possible that the Funds will never be fully invested if enough investments are not identified and consummated. The business of identifying and structuring private equity transactions is highly competitive and involves a high degree of uncertainty. However, the Funds will be required to pay Management Fees during the commitment period based on the entire amount of their capital commitments.

SPAC Investment. Certain Funds are expected to acquire, or have purchased, along with employees of the Adviser or its affiliates and other persons and entities, an interest in one or more SPAC Sponsors, which interests may include an indirect ownership of warrants and "founders shares" in a SPAC through a SPAC Sponsor. Such Fund's ownership percentage of such warrants and "founders shares" is expected to be less than the proportional amount of capital invested in such SPAC Sponsor by such Fund because some portion of such warrants and "founders shares" is expected to be allocated to employees of the Adviser or its affiliates and other persons or entities. A person or entity may receive interests in a SPAC Sponsor without making a capital contribution or payment to such SPAC Sponsor.

Each SPAC Sponsor is expected to be controlled by employees of the Adviser or its affiliates. Each SPAC Sponsor will form, sponsor, manage and control a SPAC. Each SPAC will register its shares with the SEC in an initial public offering and use the funds raised in such offering to affect a business combination and operate thereafter as a public company. In connection with such transaction, a SPAC Sponsor will reimburse the Adviser and its affiliates for all or a portion of any fees, costs and expenses incurred in connection with the formation and organization of any SPAC, including any fees, costs and expenses incurred for a SPAC that fails to have an initial public offering. Because of the priority of reimbursement, a Fund will bear a disproportionate amount of such expenses in certain circumstances.

The terms of any acquisition of interests in a SPAC and a SPAC Sponsor are expected to be calculated shortly before the initial public offering of such SPAC. Following the initial public offering, the trading price of a SPAC's securities may materially increase or decrease, whether before or after a business combination, and none of any SPAC Sponsor, the Adviser, the General Partner or any of their respective affiliates will be able to control or predict the movement of such price. In the event a limited partner is admitted to the Fund after the initial closing, such General Partner may make equitable adjustments to the contributions and payments required by such limited partner to reflect any material change or significant event relating to trading price of securities in any SPAC. A SPAC's underlying target for the business combination will, as required by applicable securities laws, be unknown at the time of the initial public offering. A SPAC Sponsor will have the incentive to find a target company if a SPAC has a successful initial public offering. A SPAC Sponsor and its affiliates may present to any SPAC, and a SPAC may pursue, and otherwise consummate, any investment opportunities deemed appropriate by a SPAC Sponsor or any of its affiliates, in their sole discretion, including investment opportunities that may otherwise be

appropriate for a Fund, although it is expected that a SPAC generally will seek investment opportunities requiring larger equity investments. Allocating the investment opportunity to a SPAC instead of a Fund would result in a Fund losing an investment opportunity to such SPAC and could have an adverse effect on a Fund. Because each SPAC Sponsor will be under common control with the Adviser, in certain circumstances, the Adviser will be incentivized to allocate investment opportunities to a SPAC at the expense of a Fund. If a SPAC does not complete a business combination within the post-offering period set forth in its governing documents, the proceeds raised in the offering and held in trust are to be returned to the public shareholders. There can be no assurance or guarantee that any SPAC will be able to acquire an interest in any entity or consummate an investment, and in such case a participating Fund is not expected to receive a return of all amounts paid in connection with such SPAC. If, following a SPAC's initial public offering, the funds held in a SPAC's trust account are insufficient to allow it to operate until it consummates its initial business combination, a SPAC will depend on loans from a SPAC Sponsor or its management team (which management team will include employees of the Adviser or its affiliates) to fund its search for a business combination, to pay income taxes, if any, and to complete its initial business combination. If a SPAC Sponsor loans such amounts to a SPAC, a Fund will bear a significant amount of any such loan and any related expenses. If such SPAC is unable to complete its initial business combination within a stipulated time period, it will be forced to cease operations and liquidate, and any loans it received (including indirectly from the Fund) will not be repaid.

Equity Risks. The Funds may receive publicly traded equity securities as a result of an exit transaction. The market price of publicly traded equity securities may go up or down, sometimes rapidly or unpredictably. There is a risk that any equity securities held by a Fund will decline in value due to factors affecting equity securities markets generally or the Aerospace & Defense sector specifically. The values of equity securities may decline due to general market conditions which are not specifically related to a particular company, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates or adverse investor sentiment generally. They may also decline due to factors which affect the A&D industry, such as labor shortages or increased production costs and competitive conditions within the industry.

Cyber Security Breaches and Identity Theft. Acorn, the Funds, their service providers increasingly depend on complex information technology and communications systems to conduct business functions. These information and technology systems are subject to a number of different threats or risks that could adversely affect the Funds and their investors, despite the efforts of Acorn and its service providers to adopt technologies, processes and practices intended to mitigate these risks and protect the security of their computer systems, software, networks and other technology assets, as well as the confidentiality, integrity and availability of information belonging to the Funds and their investors. For example, these 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. Third parties may also attempt to fraudulently induce employees, customers, third-party service providers or other users of such systems to disclose sensitive information in order to gain access to the confidential Acorn's data or that of Fund investors. While Acorn has implemented various measures designed 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, then Acorn, the Funds and/or a service provider(s) may have to make significant investments to fix or replace such system components. The successful penetration or circumvention of the security of these systems, or a failure of these service provider's systems and/or of disaster recovery plans for any reason could cause significant interruptions in Acorn's, the Funds' and/or a service provider's operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including sensitive information relating to Portfolio Companies and personal information relating to investors (and the beneficial owners of investors) and proprietary and/or confidential information relating to Portfolio Companies, the inability

to access electronic systems, loss or theft of proprietary information or corporate data, physical damage to a computer or network system and costs associated with system repairs. Such a failure could result in financial or other harm being suffered by investors (and their beneficial owners) and could harm Acorn's, the Funds' and/or a service provider's reputation and/or operations, subject Acorn, the Funds, its service providers, Portfolio Companies and/or investors and their respective affiliates to legal claims, compliance costs and otherwise adversely affect their business and financial performance. In addition, Acorn would likely incur substantial costs related to forensic analysis of the origin and scope of a cybersecurity breach, increased and upgraded cybersecurity, identity theft, unauthorized use of proprietary information, adverse investor reaction or litigation which costs, under certain circumstances, would be borne by a Fund.

To the extent that a Portfolio Company is subject to cyber-attack or other unauthorized access is gained to a Portfolio Company's systems, such Portfolio Company would likely be subject to substantial losses in the form of stolen, lost or corrupted: (i) customer data or payment information; (ii) customer or Portfolio Company financial information; (iii) Portfolio Company software, contact lists or other databases; (iv) Portfolio Company proprietary information or trade secrets; or (v) other items. In certain events, a Portfolio Company's failure or deemed failure to address and mitigate cybersecurity risks would be the subject of civil litigation or regulatory or other action. Any of such circumstances could subject a Portfolio Company, or the Funds, to substantial losses. In addition, in the event that such a cyber-attack or other unauthorized access is directed at Acorn or one of its affiliates or service providers holding its financial or investor data, Acorn, its affiliates or a Fund would also be at risk of loss.

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

ITEM 9. DISCIPLINARY INFORMATION

Since its inception, there have been no legal or disciplinary events involving Acorn or any of its management persons that would be material to an investor's evaluation of its advisory business or the integrity of its management.

ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Broker-Dealer Registration Status. Neither Acorn nor any of its management persons are registered, or have an application pending to register, as broker-dealers or registered representatives of a broker-dealer.

Futures Commission Merchant, Commodity Pool Operator or Commodity Trading Adviser Registration Status. Neither Acorn nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

Material Relationships or Arrangements with Industry Participants. Neither Acorn nor any of its management persons has any relationship or arrangement that is material to the Firm's advisory business or its Investors with the related persons described in the instructions to this Item.

Acorn has and will continue to develop relationships with professionals who provide services it does not provide, including legal, accounting, banking, investment banking, tax preparation, insurance brokerage and other personal services. Some of these professionals provide services to the Funds or their Portfolio Companies. Additionally, some of these professionals are investors in the Funds either personally or through their company.

As described above in Item 4, Acorn is affiliated with the Funds' General Partners, each of which is deemed registered with the SEC under the Advisers Act pursuant to Acorn's registration. These affiliated General Partner entities operate as a single advisory business together with Acorn and serve as the General Partner, other adviser, affiliate or managing members of private investment funds and other pooled investment vehicles and share common owners, officers, partners, employees, consultants or persons occupying similar positions. These affiliated General Partner entities do not have employees of their own.

From time to time, Acorn receives training, information, promotional materials, meals, gifts, entertainment or prize drawings from vendors and others with whom it does business or to whom it makes referrals. At no time will Acorn accept any benefits, gifts, entertainment, or other arrangements that are conditioned on directing individual Fund transactions to a specific investment, product, or provider. Similarly, Acorn employees have in the past spoken or participated, and expect in the future to speak and participate, at conferences and programs for potential investors interested in investing in private funds and other events that are sponsored by various investment bankers, broker-dealers or others. Through such capital introduction and other events, prospective investors have the opportunity to meet with Acorn. Neither Acorn nor any Fund compensates these investment bankers, broker-dealers, or others for organizing such events or for investments ultimately made by prospective investors attending such events other than registration, sponsorship, membership, or other similar fees paid to attend such events.

Material Conflicts of Interest Relating to Other Investment Advisers. Acorn does not recommend or select other investment advisers for its Clients. See Conflicts of Interest in Item 11 below.

ITEM 11. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Code of Ethics

Acorn has adopted a written code of ethics (the “Code”), which is designed to promote high ethical standards and reflect the Firm’s fiduciary duties and responsibilities to its Clients. The Code establishes the standard of business conduct that all employees must follow and is designed to prevent prohibited acts and mitigate potential conflicts of interest between the Firm, its employees, and its Clients.

Under the Code, the Firm’s employees must act in the best interests of our Clients to the exclusion of contrary interests, act in good faith and in an ethical manner, avoid conflicts of interest with Clients to the extent reasonably possible and identify and manage conflicts of interest to the extent that they arise. Acorn’s employees are also required to comply with applicable provisions of the federal securities laws and make prompt reports to the Firm or other appropriate party of any actual or suspected violations of such laws by Acorn or its employees.

In addition, the Code sets forth formal policies and procedures with respect to the personal securities trading of Acorn’s employees. The Code generally prohibits purchasing securities in an initial public offering; and requires pre-clearance before purchasing securities in a limited offering (i.e., a private placement). In addition, supervised persons are required to file certain reports and submit their brokerage account statements to the Chief Compliance Officer for review.

The Code also includes policies and procedures to prevent the misuse and disclosure of material nonpublic information and policies and procedures designed to mitigate potential conflicts of interests including: outside activities of employees, gifts and business entertainment, including limitations and reporting requirements; and pre-clearance and reporting of political contributions. Clients, investors, prospective clients, or investors may request a copy of Acorn’s Code at the number provided on the cover page of this Brochure.

Securities that the Investment Adviser or a Related Person Has a Material Financial Interest

The Firm does not anticipate entering into principal transactions, where Acorn or any of its related persons purchase or sell any security for their own accounts from or to the account of any Client.

The Firm does not anticipate entering into cross transactions, where one Client purchases or sells any security for its own account from or to the account of another Client. The Firm is not affiliated with a registered broker-dealer and as such, cannot engage in agency cross transactions.

Investing in Securities that the Investment Adviser or a Related Person Recommends to Clients

Principals and employees of Acorn and its affiliates generally are expected to directly or indirectly own interests in one or more Funds.

Conflicts of Interest Created by Contemporaneous Trading

Because of the private nature of its Portfolio Companies, Acorn does not typically face a situation where a supervised person buys or sells a security for his or her own account at or about the same time that the Firm is also buying or selling the same securities for the Funds. A supervised person wishing to purchase

or sell an interest in an Acorn Portfolio Company is required to seek pre-approval from the Chief Compliance Officer for such transaction.

Conflicts of Interest

The Governing Documents for each Fund include a description of what Acorn believes to be the most significant conflicts of interest associated with an investment in such Fund, many of which are described below; however, the below is a summary and is not intended to be an exhaustive list of all conflicts or their potential consequences. Identifying potential conflicts of interest is complex and fact intensive and it is not possible to foresee every conflict of interest that will arise during a Fund's life. Investors should be aware that Acorn, its personnel, and its affiliates will likely in the future engage in further activities that can result in additional conflicts of interest not addressed below. There can be no assurance that Acorn will identify or resolve all conflicts of interest and, if resolved, that such conflicts will be resolved in a manner that is favorable to the Funds. To the extent that Acorn identifies conflicts of interest in the future, the Firm intends to, but is under no obligation to, disclose these conflicts and their implications to investors through a variety of channels, including in subsequent Brochures or in other written or oral communications to the LPAC or to investors. Investors should carefully consider the conflicts of interest herein as well as those outlined in each applicable Fund's Governing Documents prior to investing in a Fund.

On any matter involving a potential conflict of interest, the General Partner will be guided by its reasonable judgment as to the best interests of the relevant Fund in accordance with applicable law and shall take such actions as are determined by the General Partner to be necessary or appropriate to ameliorate such potential conflicts of interest, including but not limited to referring such matter to the LPAC for approval.

Investment Allocation. From time to time, Acorn will be presented with investment opportunities that would be suitable for more than one of the Funds and co-investment vehicles operated by Acorn. The Firm generally will not commence the operation of a new pooled investment fund with objectives substantially similar to those of the Funds until the end of the commitment period or such earlier time as described in each Fund's Governing Documents. During the commitment period of each Fund, all appropriate investment opportunities will be pursued by Acorn principals through the Funds, subject to certain limited exceptions. Acorn's principals and Acorn's investment staff will continue to manage and monitor such investments until their realization. Acorn in the future intends to sponsor and manage a variety of investment funds with objectives, strategies, scope and investment criteria that will either be the same as, similar to, or differ from the current Funds, provided that new funds with a similar strategy are expected to be formed near the end of, or after the completion of, the commitment period. Such new funds and/or their respective Portfolio Companies have the potential to compete with existing Funds and/or Portfolio Companies of the Funds.

In determining which investment vehicles should participate in such investment opportunities, Acorn and its affiliates are subject to potential conflicts of interest among the investors in such vehicles. Acorn is committed to allocating investment opportunities among the Funds in a manner that is fair and equitable and consistent with its fiduciary obligations and the Governing Documents of the Funds. To determine whether and to what extent the Funds will participate in an investment opportunity, Acorn generally assesses whether an investment opportunity is appropriate for each relevant Fund and also considers certain factors, including, but not limited to, the amount of available capital commitments of the applicable Fund(s), anticipated future capital requirements of an investment opportunity, expected time to obtain liquidity, limitations in the Governing Documents of the applicable Funds, investment guidelines, diversification guidelines, investment strategies and objectives, legal, tax and regulatory considerations, and any other factors deemed relevant by Acorn.

Acorn's allocation of investment opportunities among the Funds is not always, and often will not, be proportional. Therefore, such allocations have the potential be more advantageous to one Fund relative to another Fund. While Acorn will allocate investment opportunities in a way that it believes in good faith is fair and equitable to each Fund, there can be no assurance that a Fund's actual allocation of an investment opportunity, if any, or terms on which the allocation is made, will be as favorable as they would be if the potential conflicts of interest did not exist. It is Acorn's policy to allocate follow-on investments to the Fund that owns the applicable Portfolio Company. If a follow-on investment is to be made in a Portfolio Company owned by more than one Fund, such follow-on investment is typically made in the same proportions as the original investment, unless Acorn determines another proportion is appropriate. As a result of the foregoing policies, one Fund can invest in opportunities that another Fund has declined or can decline to invest in opportunities in which another Fund has invested. Where necessary, Acorn is authorized to consult with an advisory board consisting of investors in the applicable Funds and/or co-investment vehicles.

Investor Transfer of Interest. In certain cases, Acorn will have an opportunity (but, subject to any applicable restrictions or procedures in the relevant Governing Documents, no obligation) to identify one or more secondary transferees of interest in a Fund. In the case of ordinary transfers, Acorn will not receive compensation for identifying such transferees and will use its discretion to select such transferees based on eligibility and other factors, and unless required by the relevant Governing Documents, will determine in its sole discretion whether the opportunity to receive a transfer of Fund interests should be offered to one or more existing Fund investors.

Expense Allocations. Subject to any relevant restrictions or other limitations contained in the Governing Documents of each Fund, Acorn will allocate fees and expenses in a manner that it believes in good faith is fair and equitable under the circumstances and considering such factors as it deems relevant, but in its sole discretion. In exercising such discretion, Acorn can face a variety of potential conflicts of interest. As a general matter, expenses incurred on behalf of multiple Funds will be allocated among such Funds. The allocations of such expenses will not always be proportional. Investors in a Fund are typically allocated (or otherwise bear) their pro rata share of such fees and expenses, which are calculated based on capital commitments, invested capital, available capital, or other metrics as determined by Acorn in its sole discretion and in accordance with its policies and procedures regarding expense allocation.

Acorn and its affiliates will from time to time incur fees, costs, and expenses, including in connection with transactions not consummated, on behalf of the Funds. To the extent practicable, any fees, costs and expenses that are incurred in connection with a consummated investment will be charged to the applicable Portfolio Company. To the extent such fees, costs and expenses are not charged to a Portfolio Company, they will be paid by each Fund that participated or was expected to participate in such investment. Each Fund's Governing Documents permit such Fund to bear a portion of any such fees, costs, and expenses in proportion to the size of its actual or proposed investment, or in such other manner as Acorn considers, in good faith, to be fair and equitable.

There are occasions when one Fund (the "Payor Fund") pays an expense common to multiple Funds (the "Allocated Funds"). On such occasions, each Allocated Fund will reimburse the Payor Fund for its share of such expense, without interest, after the payment is made by the Payor Fund. There may also be occasions where the Firm or a Payor Fund pays an expense on behalf of a Portfolio Company. On such occasions, the Portfolio Company will reimburse the Firm or Payor Fund for the expense, without interest, and such reimbursement will not be subject to the fee offset provision.

Some expenses are incurred on behalf of one Fund which have the potential to benefit other Funds. For example, information Acorn obtains in connection with a Fund's research, due diligence and investment

activities will be valuable to other Funds. Additionally, tools and resources developed at Acorn's expense will be the intellectual property of Acorn and not the Fund.

A conflict of interest is expected to arise in Acorn's determination whether certain costs or expenses that are incurred in connection with the operation of the Funds meet the definition of Fund operational expenses for which the Funds are responsible, or whether such expenses should be borne by Acorn or the manner in which Acorn allocates expenses among the Funds. The Funds will be reliant on the determinations of Acorn in this regard. From time to time, it is possible that subsequent review of allocations will result in an identification of expenses that should have been allocated in a different manner, in which case measures would be undertaken to correct such circumstance, which will likely include a reversal of the original expense allocations, if possible, or such other equitable adjustment believed by Acorn to be the most appropriate corrective measure.

Service Providers. Certain conflicts of interest can arise in respect of service providers or their affiliates (including any administrators, lenders, brokers, attorneys, consultants and investment or commercial banking firms) and certain other advisors and agents of the Funds which will, in some cases, be investors and/or sources of investment opportunities and co-investors or counterparties in the Funds and also provide goods or services to or have business, personal, political, financial or other relationships with Acorn and/or its affiliates. Such circumstances have the potential to influence Acorn in deciding whether to select such a service provider to perform services for the Funds or in respect of any investment, the cost of which will generally be borne by the Funds.

Portfolio Company Engagements. Acorn's Portfolio Companies may engage from time to time in business with each other or with Acorn and its affiliates. Such business activity may include the provision of certain services, sharing of certain expenses, and cross-promotional activity which may result in fees and/or commissions being paid among companies within the Acorn group. While Acorn intends that any such services be provided at competitive market rates, and that such fees and commissions be fair and reasonable in light of all the circumstances, such compensation, fees and commissions may not be determined through arm's-length negotiation, and Acorn will not guarantee performance by its affiliates of any services provided to its Portfolio Companies.

Portfolio Company Fees. Acorn may receive certain directors' fees, transaction fees, break-up fees and other fees from the Funds' Portfolio Companies and in connection with unconsummated transactions. Acorn's ability to receive such fees from such Portfolio Companies for performing consulting and other services for, or serving as directors (or similar positions) of, such Portfolio Companies represents a conflict of interest to the extent that the applicable fund (by itself or together with Acorn) has or will have control or significant influence over such Portfolio Companies, although this potential conflict of interest is mitigated by the fact that the amounts of such fees is typically negotiated with the applicable Portfolio Company's management team and/or any roll-over equity holders, as well as the fact that a percentage of such fees received (that are attributable to the applicable portfolio investment or proposed portfolio investment by the fund), as applicable, will be applied (without duplication) to reduce any unpaid future management fee payable by the applicable fund to Acorn in accordance with the Governing Documents of the Fund.

Industry Relationships. As with many other private equity fund sponsors, as part of Acorn's business, the principals, Acorn, and its employees have developed relationships with third parties which have the potential to raise conflicts of interest. Such third parties include investment bankers, lenders, consultants, professional advisors (such as attorneys and accountants), co-investors, current and former directors, officers and employees of current and former Portfolio Companies and former employees and members of Acorn. Certain of these third parties are expected to: (i) introduce investment opportunities to Acorn; (ii) arrange for, or facilitate the financing of, the purchase or recapitalization of current and potential

Portfolio Companies; (iii) introduce Portfolio Companies to potential acquisition or merger candidates; (iv) facilitate the disposition of Portfolio Companies; or (v) provide investment banking, consulting, legal or advisory services to Acorn, the Funds, or Portfolio Companies. Such third parties will also provide goods or services to or have business, personal, political, financial, or other relationships with the principals. In addition, such third parties may invest in one or more Funds; co-invest in one or more Portfolio Companies; or provide other significant business or investment services to Acorn, the Funds and/or their Portfolio Companies. These relationships have the potential to influence Acorn in deciding whether to select or recommend any such third party to perform services for the Funds or a Portfolio Company. The cost of any services provided by such third parties will generally be borne directly or indirectly by the Funds or its Portfolio Companies, as applicable.

Relationship with Third Parties. Acorn and/or its personnel maintain relationships with (or invest in) financial institutions, service providers and other market participants, and their respective affiliates and personnel, including managers of private funds, banks, brokers, advisors, consultants, finders (including executive finders and portfolio company finders), executives, attorneys, accountants, institutional investors, family offices, lenders, current and former employees and current and former Portfolio Company executives, as well as certain family members or close contacts of these persons. Certain of these persons or entities will invest (or will be affiliated with an investor) in, engage in transactions with and/or provide services (including services at reduced rates) to, Acorn and/or a Fund or other investment vehicle that Acorn or an affiliate advises. Acorn typically has a conflict of interest with a Fund in recommending the retention or continuation of a third-party service provider to a Fund or Portfolio Company owned by a Fund if such recommendation, for example, is motivated by a belief that the service provider or its affiliate(s) will continue to invest in one or more Acorn Funds, will provide Acorn information about markets and industries in which Acorn operates (or is contemplating operations) or will provide other services that are beneficial to Acorn. Acorn generally has a conflict of interest in making such recommendations, in that Acorn has an incentive to maintain goodwill between itself and the existing and prospective Portfolio Companies for a Fund that Acorn or an affiliate advises, while the products or services recommended would not necessarily be the best available to the Portfolio Companies held by a Fund.

Over the life of a Fund, Acorn generally expects to exercise its discretion to recommend to such Fund or to a Portfolio Company thereof that it contract for services with various service providers, potentially including, among others: (i) Acorn (or an affiliate, which generally includes other Portfolio Companies of a Fund) and at rates determined or substantively influenced by Acorn; (ii) an entity with which Acorn or its affiliates or current or former members of their personnel has a relationship or from which such person derive a financial or other benefit; or (iii) an investor in any Acorn Funds. This subjects Acorn to potential conflicts of interest, because although it intends to select service providers that it believes are aligned with its operational strategies and that will enhance Portfolio Company performance, Acorn has an incentive to recommend the related or other person because of its financial or business interest. Additionally, there is a possibility that Acorn, because of such incentive or for other reasons (including whether the use of such persons has the potential to establish, recognize, strengthen or cultivate relationships that have the potential to provide longer-term benefits to Acorn or a Fund), would favor such retention or continuation even if a better price and/or quality of service can be obtained from another person. Whether or not Acorn has a relationship with or receives financial or other benefit from recommending a particular service provider, there can be no assurance that no other service provider is more qualified to provide the applicable services or would be able to provide such services at lesser cost.

Diverse Investor Group. The investors generally have conflicting investment, tax, and other interests with respect to their investments in the Funds. The conflicting interests of individual investors typically relate to or arise from, among other things, the nature of investments made by a Fund, the structuring or the acquisition of investments, and the timing of disposition of investments. As a consequence, conflicts of

interest arise in connection with decisions made by Acorn, including with respect to the nature or structuring of investments that are ultimately more beneficial for one investor than for another investor, particularly with respect to investors' individual tax situations. In selecting and structuring investments appropriate for a Fund, Acorn will consider the investment and tax objectives of the Fund and the investors as a whole, and not the investment, tax, or other objectives of any investor individually.

Special Purpose Acquisition Companies. In addition to managing other Funds, the Adviser may sponsor and/or manage special purpose acquisition companies ("SPACs") that may compete with certain Funds for acquisition opportunities. When a SPAC is pursuing an acquisition opportunity, there may be a conflict of interest if such opportunity is appropriate for the Fund, and the Adviser may have to make determinations relating to the allocation of acquisition opportunities in accordance with its then-current policies and procedures and based on a number of factors, including the size of the target business, investment mandates of such entities, and potential synergies. The SPAC will generally be treated like any other portfolio investment.

Valuation of Assets. There is not expected to be an actively traded market for most of the securities owned by the Funds. When estimating fair value, the General Partners will apply a methodology it determines to be appropriate based on accounting guidelines, the applicable nature, facts and circumstances of the respective investments, and applicable provisions of the relevant Governing Documents. However, the process of valuing securities for which reliable market quotations are not available is based on inherent uncertainties, and the resulting values can differ from values that would have been determined had an active market existed for such securities and from the prices at which such securities ultimately are sold. The exercise of discretion in valuation by the General Partners can give rise to conflicts of interest, including in connection with determining the amount and timing of distributions of Carried Interest and the calculation of the Management Fee.

Material Non-Public Information. By reason of their responsibilities in connection with the funds and certain other activities of Acorn and its affiliates, certain employees of Acorn or its affiliates may acquire confidential or material non-public information or be restricted from initiating transactions in certain securities. A fund will not be free to act upon any such information and such information may serve to restrict a fund in its investment activities. Due to these restrictions, a fund may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell a portfolio investment that it otherwise might have sold. In addition, Acorn may decline to receive non-public information to avoid trading restrictions with regard to any other investment vehicle advised by Acorn, even though access to such information may have been advantageous to a fund. Notwithstanding the maintenance of restricted lists and other internal controls, it is possible that the internal controls relating to the management of material non-public information could fail and result in Acorn, or one of its investment professionals, buying or selling a security while, at least constructively, in possession of material non-public information. Inadvertent trading on material non-public information could have adverse effects on Acorn's reputation, result in the imposition of regulatory or financial sanctions, and, as a consequence, negatively impact Acorn's ability to perform its investment management services on behalf of a fund.

Limited Partner Advisory Committee ("LPAC"). The relevant Fund's LPAC will provide advice and counsel as requested by the applicable General Partner in connection with Fund investments, potential conflicts of interest, and other of the Fund's matters as set forth in the Governing Documents. While the General Partner will retain ultimate responsibility for all decisions relating to the operation and management of the applicable Fund, the LPAC is empowered under the Governing Documents to make certain decisions affecting the relevant Fund and respective investors' investments in such Fund, including whether to permit certain follow-on investments and whether to extend the commitment period, among other things. Not infrequently, interests of the investors represented on the LPAC will diverge, potentially

significantly, from other investors and the decisions of the LPAC are expected to reflect such diverging interests.

In addition, members of one Fund's LPAC would likely also be a member of another Fund's LPAC. In such instances, a conflict of interest exists because LPACs would be requested to provide consent with respect to transactions which involve a conflict of interest between two or more Funds on which such LPAC members serve, and such members are unlikely to recuse themselves from any such vote.

ITEM 12. BROKERAGE PRACTICES

The Adviser focuses on securities transactions of private companies and generally purchases and sells such investments through privately negotiated transactions in which the services of a broker-dealer may be retained. However, the Adviser also reserves the right to distribute securities to investors in a Fund or sell such securities, including through using a broker-dealer, if a public trading market exists. Although the Adviser does not intend to regularly engage in public securities transactions, to the extent it does so, it follows the brokerage practices described below.

If the Adviser sells publicly traded securities for a Fund, it is responsible for directing orders to broker-dealers to effect securities transactions for accounts managed by the Adviser. In such event, the Adviser will seek to select brokers on the basis of best price and execution capability. In selecting a broker to execute client transactions, the Adviser may consider a variety of factors, which may include (among others): (i) execution capabilities with respect to the relevant type of order; (ii) commissions charged; (iii) the reputation of the firm being considered; and (iv) responsiveness to requests for trade data and other financial information.

The Adviser has no duty or obligation to seek in advance competitive bidding for the most favorable commission rate applicable to any particular client transaction or to select any broker on the basis of its purported or "posted" commission rate, but will endeavor to be aware of the current level of the charges of eligible brokers and to reduce the expenses incurred for effecting client transactions to the extent consistent with the interests of such clients. Although the Adviser generally seeks competitive commission rates, it may not necessarily pay the lowest commission or commission equivalent. Transactions can involve specialized services on the part of the broker involved and thereby entail higher commissions or their equivalents than would be the case with other transactions requiring more routine services.

Consistent with the Adviser seeking to obtain best execution, brokerage commissions on client transactions may be directed to brokers in recognition of research furnished by them, although the Adviser generally does not make use of such services at the current time and has not made use of such services since its inception.

The Adviser does not anticipate engaging in significant public securities transactions; however, to the extent that the Adviser engages in any such transactions, orders for purchase or sale of securities placed first will be executed first, and within a reasonable amount of time of order receipt.

In the Adviser's private company securities transactions on behalf of the Funds, the Adviser may retain one or more broker-dealers or investment banks, the costs of which will be borne by the Fund and/or its portfolio investments. In determining to retain such parties, the Adviser will consider a variety of factors, which may include (among others): (i) capabilities with respect to the type of transaction being contemplated; (ii) commissions or fees charged; (iii) reputation of the firm being considered; and (iv) responsiveness to requests for information. As a result, although the Adviser generally will seek reasonable rates for such

services, the market for such services involves more subjective evaluations than public securities brokerage transactions, and the Funds may not pay the lowest commission or fee for such services.

The Adviser does not expect to receive research or other soft dollar benefits in connection with securities transactions for the Fund, does not expect to receive investor referrals in connection with selecting or recommending broker-dealers for the Fund and does not permit investors to direct brokerage. In the event the Adviser were to aggregate the purchase or sale of securities for Fund accounts, it would do so on a pro rata basis.

ITEM 13. REVIEW OF ACCOUNTS

Frequency and Nature of Review of Client Accounts or Financial Plans

The investment portfolios of each Fund are generally private, illiquid, and long-term in nature and accordingly Acorn's review of them is not directed toward a short-term decision to dispose of securities. Acorn closely monitors the portfolio companies of its Funds and maintains an ongoing oversight position in such portfolio companies. The Investment Committee, composed primarily of senior principals, generally monitors and reviews investments on a regular basis, including with respect to decisions as to when to purchase or sell a portfolio company.

Factors Prompting Review of Client Accounts Other than a Periodic Review

If developments at a portfolio company warrant closer monitoring, reviews may be undertaken more frequently. Such developments may include matters relating to operations of the portfolio company as well as liquidity opportunities for the owners of the portfolio company.

Content and Frequency of Account Reports to Clients

As further described in Item 15, Acorn provides annual audited financial statements to Fund investors within 120 days of the applicable Fund's fiscal year end. Further, Acorn provides annual written reports regarding updates on the performance and status of each portfolio, which may not be distributed with the annual audited financial statements.

Investors in co-investment vehicles may receive different reports, as agreed upon with investors in each co-investment vehicle on a case-by-case basis.

The Firm also has contact with investors (personal visits, telephone, and email) throughout the year as conditions warrant. In addition, the Funds hold an annual investor meeting, offering the investors in the Funds the opportunity to review and discuss the Funds' investment activities with Acorn.

While conducting due diligence or otherwise, investors periodically request information pertaining to their investments. Acorn responds to these requests, and in answering these requests provides information that is not generally made available to other investors who have not requested such information. Additionally, upon request, certain investors may receive additional information and reporting that other investors do not receive.

ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION

Economic Benefits for Providing Services to Clients

Other than the compensation described in Items 5 and 6 of this Brochure, no one other than Acorn's Funds provides an economic benefit to the Firm for providing investment advice or other advisory services.

Compensation to Non-Supervised Persons for Client Referrals

Neither Acorn nor any of its related persons directly or indirectly compensate any person who is a non-supervised person for client referrals. Acorn typically engages an unaffiliated third-party placement agent for referrals of Fund investors. Placement agent fees are included in organizational expenses for the applicable Fund and any amounts in excess of allowed organizational expenses per the Fund Governing Document offset the Management Fee on a dollar-for-dollar basis. See the applicable Fund Governing Documents for amounts specific to each Fund.

ITEM 15. CUSTODY

Acorn is deemed to have custody of the Funds' assets because of its affiliation with each Fund's General Partner and the General Partners' ability to deduct fees from Fund accounts. In order to comply with Advisers Act Rule 206(4)-2 (the "Custody Rule"), Acorn has elected to undergo an annual financial statement audit in accordance with United States generally accepted accounting principles ("GAAP") by a PCAOB-registered and inspected independent public accountant for each of the Funds over which it is deemed to have custody, copies of which are (or will be, for newly closed Funds) delivered to each Fund's investors within 120 days of fiscal year end. In addition, upon the final liquidation of a Fund, Acorn will obtain a final audit and distribute audited financial statements prepared in accordance with GAAP with respect to such Fund to all underlying investors promptly upon completion of the audit. Investors are encouraged to carefully review such financial statements.

ITEM 16. INVESTMENT DISCRETION

For certain Funds, Acorn does not have discretionary investment authority. For these Funds, Acorn may not unilaterally make investment decisions, as all investment discretion is generally vested in the relevant Fund Investment Committee, or the Fund's members. With regard to these non-discretionary Funds, each Fund Investment Committee is comprised of individuals, the majority of which are investors in the relevant Fund, who are either appointed by the Firm or elected by the Fund's investors; at least two individuals on each Fund Investment Committee are elected by the Fund's investors. One or more of Acorn's partners sits in his individual capacity on each Fund Investment Committee at any given time but cannot unilaterally direct an investment without the consent of the other Fund Investment Committee members. No governance decision of the Fund Investment Committee is effective until approved by the Fund Investment Committee in accordance with the provisions of the relevant Fund's governing documents. Acorn, in its capacity as the investment adviser to each Fund, makes recommendations to each Fund Investment Committee with respect to initial and ongoing portfolio investments. If Acorn's investment recommendations are accepted by a Fund Investment Committee, the Fund Investment Committee then directs Acorn to carry out the Investment Committee's determination by either making or not making an investment, as the case may be.

For other Funds, Acorn generally receives and exercises complete discretionary authority to manage investments on behalf of the Funds as per the Governing Documents of each of Fund. Investment advice is provided directly to the Funds, subject to the discretion and control of the relevant General Partner, and not to investors in the Funds individually. To become an investor in a Fund, an investor must execute, among other documents, a subscription agreement, and a limited partnership agreement (or similar agreement) with such Fund. Such Governing Documents generally contain a power of attorney that grants Acorn or the applicable Fund's relevant General Partner certain powers related to the orderly administration of the affairs of the Funds. Once an investor executes these documents, with limited exceptions, such as certain conflicts of interest as discussed elsewhere in this Brochure, Acorn is not required to contact an investor prior to transacting a business in such Fund.

Generally, Acorn's only restrictions with respect to managing a discretionary Fund, such as (but not limited to) the type of securities in which a Fund is permitted to invest, will be contained in the relevant Fund's Governing Documents. However, an investor can seek to impose limitations on Acorn's authority through a side letter agreement and the Firm may choose to accept reasonable limitations or restrictions at its discretion. All limitations and restrictions placed by an investor must be presented to Acorn in writing and agreed to by Acorn and such investor.

ITEM 17. VOTING CLIENT SECURITIES

Policies and Procedures Relating to Voting Client Securities

The Firm's investment strategy does not usually involve the acquisition of publicly traded securities and as such, it is unlikely that any Clients will be placed in a position of proxy voting authority. If any Funds do come into possession of securities with proxy voting rights ("Proxies"), the Firm will have the authority to vote Proxies only for those Funds over which the Firm has discretion.

With respect to those Funds over which Acorn maintains a discretionary investment advisory relationship, in compliance with Advisers Act Rule 206(4)-6, Acorn has adopted proxy voting policies and procedures. The general policy is to vote Proxies in a prudent and diligent manner that will serve the applicable Fund's best interests and is in line with each Fund's stated investment objectives and guidelines. To do so, Acorn will consider all relevant factors, as determined by the Firm in its discretion.

Firm principals and affiliated or unaffiliated third parties appointed by Acorn often sit on the boards of Portfolio Companies to which Acorn provides operational, management and consulting services and, as such, exercise authority with respect to various issues faced by the Portfolio Companies. Acorn does not consider service on Portfolio Company boards by Acorn personnel and affiliated and unaffiliated third parties appointed by Acorn or their receipt of nominal board fees, if any, to create a material conflict of interest in voting Proxies with respect to such companies.

In limited circumstances, the Firm may refrain from voting Proxies where it believes that voting would be inappropriate, taking into consideration the cost of voting the Proxies and the anticipated benefit to the relevant Fund.

Occasions may arise in which the Firm is required to vote a Proxy while having a conflict of interest with a Fund. If Acorn determines that it may have, or can be perceived to have, a conflict of interest when voting Proxies, the Firm will consult on the matter and conduct a conflict analysis accordingly. Fund investors may obtain a copy of Acorn's proxy voting policies and the Firm's proxy voting record upon request.

Lack of Authority to Vote Client Securities

With respect to those Funds over which Acorn does not have discretionary authority, Acorn does not have and will not accept authority to vote any Proxies received by such Funds. All such Proxies will be provided to the relevant Fund Investment Committees by Acorn. In its capacity as the Adviser, however, Acorn will provide advice regarding a given voting issue.

ITEM 18. FINANCIAL INFORMATION

Acorn does not require prepayment of more than \$1,200 in fees per Fund six months or more in advance; has no financial condition that is reasonably likely to impair its ability to meet its contractual commitments to the Funds or their investors; and has not been the subject of a bankruptcy petition at any time during the past ten years.