

**ITEM 1 - COVER PAGE**

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**Form ADV Part 2A**

**Stone-Goff Management, LLC**

**331 Park Avenue South  
12<sup>th</sup> Floor  
New York, NY, 10010**

**March 30, 2023**

This brochure provides information about the qualifications and business practices of Stone-Goff Management, LLC. If you have any questions about the contents of this brochure, please contact Stone-Goff Management, LLC at (617) 416-2147 or [patti@stonegoff.com](mailto:patti@stonegoff.com).

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional information about Stone-Goff Management, LLC is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Any reference to Stone-Goff Management, LLC as a “registered investment adviser” or being “registered” does not imply a certain level of skill or training.

## **ITEM 2 - MATERIAL CHANGES**

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This document is the Form ADV Part 2A, also referred to as the Firm Brochure (the “**Brochure**”) for Stone-Goff Management, LLC. Pursuant to SEC requirements and rules, you will receive a summary of any material changes to this Brochure within 120 days of the close of Stone-Goff Management, LLC’s fiscal year. This Brochure may be requested at any time, without charge, by contacting Stone-Goff Management, LLC at [patti@stonegoff.com](mailto:patti@stonegoff.com). This Brochure is being filed in association with the Adviser’s annual update. No material changes have occurred since the prior filing dated.

### **ITEM 3 - TABLE OF CONTENTS**

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#### ITEM 4 - ADVISORY BUSINESS

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Stone-Goff Management, LLC (“**Stone-Goff**”, the “**Firm**” or the “**Investment Manager**”), a Delaware limited liability company, was organized in July 2015 and is headquartered in New York, NY. The managing members of Stone-Goff are Hannah Stone-Craven and Laurens Goff (the “**Managing Partners**”).

Stone-Goff provides investment advisory services to pooled investment vehicles which are each hereinafter referred to individually as a “**Fund**”, and together as the “**Funds**”. Certain of the Funds are independent sponsor deals made through special purpose vehicles. Stone-Goff Partners II, LP Stone-Goff Partners III, LP and Stone-Goff Partners IV, LP, all Delaware limited partnerships, are committed capital private funds.

Stone-Goff manages the Funds pursuant to investment guidelines set forth in the relevant governing and offering documents of the Funds, including any limited partnership agreement, private placement memorandum and/or subscription agreement (each an “**Offering Document**”, and collectively, the “**Offering Documents**”). The Offering Documents contain more detailed information about the Funds, including a description of the investment objective and strategy or strategies employed by the Funds and related restrictions that serve as a limitation on Stone-Goff’s advice or management. Each Investor, as defined below, is strongly encouraged to undertake appropriate due diligence, including but not limited to a review of relevant Offering Documents and the additional details about Stone-Goff’s investment strategies, methods of analysis and related risks in Item 8 of this Brochure in considering whether Stone-Goff’s advisory services or an investment in a Fund is appropriate to its own circumstances based on all relevant factors including, but not limited to, the Investor’s own investment objectives, liquidity requirements, tax situation and risk tolerance before making an investment decision.

Stone-Goff will not tailor its advisory services to the individual investors (each an “**Investor**” and collectively the “**Investors**”), or provide Investors with the right to specify, or restrict the Funds’ investment objectives or any investment or trading decisions. Accordingly, an investment in a Fund does not create a client-adviser relationship between such Investors and Stone-Goff. Each of the Funds are expected to rely on the exception from the definition of an “investment company” provided by Section 3(c)(1) or 3(c)(7) of the U.S. Investment Company Act of 1940, as amended (the “**1940 Act**”).

Each of the Funds have a general partner or other governing entity (each, a “**General Partner**”). Each General Partner has the ultimate responsibility for decisions relating to management and operations made on behalf of the relevant Funds and has ultimate responsibility for the investment decisions made on behalf of such Fund. Each General Partner delegates investment management and advisory responsibilities for the relevant Fund to Stone-Goff.

Additional detailed information about Stone-Goff is provided below, including information about Stone-Goff’s advisory services, investment approach, personnel and affiliations.

Stone-Goff will not participate in wrap fee programs.

As of December 31, 2022, Stone-Goff managed \$466,756,111 in regulatory assets under management (“**RAUM**”), all on a discretionary basis.

## **ITEM 5 – FEES AND COMPENSATION**

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Stone-Goff and its affiliates receive management fees and/or carried interest from the Funds. The Funds may also indirectly incur or generate other fees payable to Stone-Goff, depending on the nature of the portfolio activities. Certain fees generally will reduce management fees otherwise payable to Stone-Goff as described below.

The Funds may also bear certain out-of-pocket expenses incurred by Stone-Goff in connection with the services provided. The following sections discuss the most common fees and expenses, which are described in more detail in the relevant Offering Documents for the Funds.

### *Management Fees*

As an investment adviser to the Funds, as further described in the Offering Documents, Stone-Goff receives a semi-annual management fee, in advance, generally equal to 1.5% to 2% of the Investor’s committed capital amount. Specific rates with respect to any Fund are set forth in the relevant Fund’s Offering Documents. Additionally, Stone-Goff may waive or reduce management fees for certain Investors at its own discretion.

Generally, Stone-Goff’s investment advisory contracts with the Funds will terminate within a reasonable period of time following one party’s receipt of written notice of termination (for any (or no) reasons set forth in the investment advisory contract) from the other party. Investors in the Funds do not generally have the ability to terminate the investment advisory contracts between such Funds and Stone-Goff. Similar advisory services may be available from other investment advisers at lower cost.

### *Performance-Based Arrangements*

Please see Item 6 for a discussion of the performance-based arrangements payable to affiliates of Stone-Goff in respect of the Funds.

### *Fee Offsets*

### *Stone-Goff Partners II, LP*

For each calendar year beginning as of January 1, 2017, the first \$600,000 of transaction fees for such calendar year shall be apportioned 75% to the General Partner and 25% to the Investors, and thereafter 25% to the General Partner and 75% to the Investors. The amount

of transaction fees apportioned at any time to the Investors shall be offset against management fees (except with respect to Affiliate Partners) otherwise payable to the Firm. If the portion of transaction fees available to reduce the management fee for any semi-annual period exceeds the management fee due for such semi-annual period, such excess amounts shall be carried forward to subsequent periods until fully applied to reduce the management fee. If, upon liquidation of the Fund, any amount of transaction fees apportioned to the Investors has yet to be applied to reduce the management fee, such amount shall be distributed to the Investors in accordance with their respective Fund percentages.

To the extent that any transaction fees consist of assets other than cash or marketable securities, such fees shall be deemed to have been received at the earlier of: (i) the time that such assets are exchanged, or become freely exchangeable, for cash or marketable securities; (ii) the time that such assets (to the extent consisting of Securities that are not marketable securities) become marketable securities through an effective registration, release of contractual transfer restriction, or similar process provided for in Rule 144 of the Securities Act; and (iii) the time that the General Partner elects to be treated as having received such assets. The value of options, warrants or other rights to acquire securities shall be deemed to equal the excess, if any, of the fair market value of such Securities over the exercise price of the option, warrant or other right on the deemed receipt date.

#### **Stone-Goff Partners III, LP**

In connection with the Funds and its investment(s), fifty percent (50%) of any transaction, directors', management, monitoring, consulting, break-up, and other similar fees received by the Investment Manager and its affiliates and employees in connection with the Funds and its investment(s), net of unreimbursed transaction expenses incurred by the Investment Manager, will be applied to reduce the management fee for the following semi-annual period. To the extent such offsets would reduce the management fee for a given semi-annual period below zero, such offsets will be carried forward and reduce future installments of the Management Fee.

#### **Stone-Goff Partners IV, LP**

One hundred percent (100%) of any transaction, directors', management, monitoring, consulting, break-up, and other similar fees received by the Investment Manager and its affiliates and employees in connection with the Funds and its investments, net of unreimbursed transaction expenses incurred by the Investment Manager, will be applied to reduce the management fee for the following quarterly period. To the extent such offsets would reduce the management fee for a given quarterly period below zero, such offsets will be carried forward and reduce future installments of the management fee. Various costs and expenses will reduce transaction fees, including out-of-pocket costs and expenses (including travel expenses) incurred by the General Partner in connection with any consummated or unconsummated transaction or in connection with generating any such

transaction fees. To the extent that any other fund or any other entity or individual co-invests alongside the Fund in any portfolio company investment, any transaction fees will be allocated among the Fund and the co-investors in proportion to the cost of the investment or potential investment in the portfolio company held by each. Accordingly, the Fund will only benefit from the management fee reduction described above with respect to its allocable portion of any such transaction fee and not the portion of any fee allocable to any other investor in a portfolio company.

*Expenses Applicable to the Funds*

The Funds will be responsible for all expenses relating to its own operations (“**Fund Expenses**”), including, without limitation, (a) the management fee, (b) fees, costs and expenses related to the discovery, evaluation, purchase, holding, restructuring, management, monitoring and sale of investments, including, without limitation, travel, accommodation, meal and entertainment expenses related to such investments or prospective investments, syndication fees, bank charges, underwriting commissions and discounts, brokerage fees, sales commissions, finder’s fees, closing and execution costs and information services, and appraisal and valuation fees, (c) principal, interest, fees, costs and expenses and other amounts payable relating to borrowings, financings or guaranties, (d) fees, costs and expenses relating to third-party services, including custody, legal, accounting, consulting, investment banking, administrative, tax, audit, depository, safekeeping and other professional services, which services may be provided by affiliates of the General Partner or the Investment Manager, (e) any insurance or indemnity expenses (including the cost of premiums with respect to any directors and officers or similar insurance for the employees of the Investment Manager), (f) fees, costs and expenses relating to the Funds’ administration, including preparation of its financial statements and reports to Investors, (g) fees, costs and expenses relating to meetings of Investors, (h) fees, costs and expenses relating to the Investor advisory committee, including reasonable and customary out-of-pocket expenses of its members, (i) any taxes, fees or other governmental charges levied against the Funds other than those specifically chargeable to an Investor, (j) fees, costs and expenses related to structuring, organizing, operating and maintaining investment vehicles, (k) fees, costs and expenses relating to unconsummated transactions, including, without limitation, the fees, costs and expenses described in clause (b) above, and including amounts that would otherwise have been borne directly or indirectly by potential co-investors were such transactions consummated, (l) fees, costs and expenses related to the dissolution and liquidation of the Funds, (m) fees, costs and expenses incurred in connection with any restructuring or amendments to the constituent documents of the Funds, (n) expenses incurred in connection with the collection of amounts due to the Funds from any person, including amounts relating to defaults by Investors in the payment of capital contributions, (o) fees, costs and expenses incurred for research or obtaining information for the Funds, (p) fees, costs and expenses (and damages) related to regulation, litigation, government inquiries, investigations, proceedings or compliance with applicable law, in each case related to the Funds or their investments, including expenses relating to the preparation and filing of Form PF (and any similar or successor form), (q) expenses

related to complying with the reporting requirements of the Internal Revenue Code of 1986, (r) all expenses relating to the operations of any feeder vehicle or any alternative investment vehicle, and (s) fees, costs and expenses incurred in connection with administering side-letters entered into with Investors, including the distribution and implementation of any applicable elections pursuant to “most-favored nation” or similar clauses.

The recipients of this Brochure should refer to the relevant Offering Documents of each Fund for specific information about expenses to be borne by each specific Fund advised by Stone-Goff.

Neither Stone-Goff nor any of its supervised persons accept compensation for the sale of securities or other investment products.

## **ITEM 6 - PERFORMANCE-BASED FEES**

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Each General Partner of the Funds shall be entitled to a performance-based fee “carried interest” that may vary from Fund to Fund. Performance-based arrangements for each of the Funds are described in the relevant Offering Documents for the Funds. All performance-based fees or allocations may be subject to modification (e.g., higher preferred return rates), waiver or reduction. Performance-based compensation arrangements are appropriate only for sophisticated clients and Investors as they may create certain risks and conflicts of interest, including those discussed further below.

Performance allocations for the Funds generally represent a share of distributions made by the Funds in excess of the relevant Investors’ invested capital, its allocable share of fees and expenses and a preferred return hurdle.

Performance fees or carried interest profit allocations are subject to regulation under Section 205 of the Investment Advisers Act of 1940 (“**Advisers Act**”) and Rule 205-3 thereunder. Therefore, Stone-Goff seeks to ensure that any Fund or Investors that are directly or indirectly assessed performance fees or are subject to carried interest profit allocations satisfy the qualifications of Rule 205-3 under the Advisers Act and have been advised of such fees or allocations and their risks.

For any Fund, performance fees or carried interest allocations generally do not exceed 20% of profits, and may be subject to certain preferred return hurdles, catch-up allocations and clawback provisions. The manner of calculation and application of performance fees or carried interest profit allocations are disclosed in the Offering Documents for, and detailed in the governing agreements of, each Fund.

The existence of these performance-based distributions may create various potential conflicts of interest, including an incentive for a General Partner or Stone-Goff to make investments on behalf of the Funds that are riskier than would be the case if a General Partner were not entitled to receive such performance-based distributions, or to favor certain accounts based on pecuniary or compensatory interests. Stone-Goff maintains



policies and procedures, including its Code of Ethics, reasonably designed to mitigate these and other conflicts.

## **ITEM 7 - TYPES OF CLIENTS**

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Stone-Goff provides discretionary investment advisory services to the Funds, each a privately offered pooled investment vehicle, and not individually to the Investors in the Funds. The Investors in the Funds are “accredited investors” in reliance upon the exemption from registration provided by Section 4(a)(2) of the Securities Act of 1933, as amended (the “**Securities Act**”), and Regulation D promulgated thereunder and the Investors in certain of the Funds also are “qualified purchasers”, as such term is defined in Section 2(a)(51) of the Investment Company Act of 1940, as amended (the “**Investment Company Act**”), and the rules and regulations promulgated thereunder. In addition, Stone-Goff may, in the future, offer investment advisory services to other pooled investment vehicles, investors, or separately managed accounts.

Stone-Goff generally imposes an initial investment minimum to establish a client relationship or to invest in the Funds, but may waive or change any such minimums at its discretion. Investors or clients may also be subject to additional qualifications based on, among other things, legal or regulatory requirements associated with the vehicle or investment strategy. Account opening and maintenance requirements are described in more detail in the relevant Offering Documents.

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

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Stone-Goff uses various methods of analysis and investment strategies in formulating its investment advice to the Funds. The discussion below is a summary and is not intended to be a complete description of our methods, strategies or risks; a more complete discussion is available in the relevant Offering Documents. Any investment in securities involves a risk of loss that all of Stone-Goff’s clients should be prepared to bear.

Stone-Goff generally invests in lower middle market businesses with enterprise values between \$25 million and \$100 million. Stone-Goff believes that companies of this scale are large enough to have developed durable business models, yet small enough to offer substantial opportunities for growth and improvement in operating performance.

Stone-Goff seeks to build a diversified investment portfolio of Technology-Driven Services businesses (“**TDSBs**”). TDSBs are services businesses that can be enhanced through the adoption of technology to drive revenue growth, enhance margins, create customer loyalty, and/or develop technology-driven products. Stone-Goff classifies its target TDSBs under the following sub-verticals:

- Business Services
- Marketing Services

- Consulting Services
- IT Services
- Outsourced Services
- Human Capital & Training
- Consumer Services

Stone-Goff focuses on situations that it believes offer substantial upside opportunity with limited risk of capital loss. In general, the Funds invest in businesses with the following characteristics:

- Entrepreneurial management teams/founders with deep domain expertise and a meaningful minority stake, looking to learn through partnership
- Proven, stable profitability takes precedence over high growth
- Capacity to grow organically and/or through tuck-in acquisitions
- Attractive purchase multiples with a “relative market value” approach
- Proprietary competitive positions or processes
- High Propensity toward “verticalization” - focus on a defined, attractive end-market
- High barriers to entry and strong market position, often in a protected niche
- Recurring revenue and high incremental margins after break-even
- Opportunity to add talent to enhance business performance
- Focus on using technology to drive growth, margins, customer retention and recurring revenue products

Within its sectors, Stone-Goff focuses on two distinct sets of opportunities: founder-owned businesses and corporate carve-outs. Stone-Goff actively sources these transactions through its proprietary network of lower middle market intermediaries. The Firm uses a systematic, CRM-driven approach to manage long-term deal sourcing relationships, including middle and lower middle market investment banks, regional and boutique investment banks, industry-focused business brokers, and buy-side advisors. SG actively manages the sourcing network and is constantly expanding its list of contacts.

Stone-Goff adheres to a disciplined, systematic, process-oriented investment process comprised of four core elements including deal sourcing, initial review, management presentation and full due diligence, and decision-making and closing. Stone-Goff believes it has developed compelling, differentiated methods that involve a wide network of sourcing intermediaries, investing in companies at attractive valuations, and during the Funds’ investment period, creating companies that are much more institutionalized, with stronger financial and operating controls, and improved business models.

### ***General Economic Conditions and Recent Events***

Changes in general economic conditions may affect the Funds’ activities. Interest rates, general levels of economic activity, the price of securities and participation by other

investors in the global finance markets may affect the value and number of investments made by the Funds or considered for prospective investment. Further, global markets may be adversely affected by current or future tensions around the world, fear of terrorist activity and/or military conflicts, localized or global financial crises or other sources of political, social or economic unrest. The medium to long-term effects of such events are uncertain, but could have a material effect on general economic conditions, consumer and business confidence and market liquidity. The Funds' investments can be expected to be sensitive to the performance of the overall economy. A negative impact on economic fundamentals and consumer and business confidence would likely increase market volatility and reduce liquidity, both of which could have a material adverse effect on the performance of the Funds' investments. No assurance can be given as to the effect of these events on the Funds' investment objectives.

### ***General Investment Risks***

The types of investments that the Funds anticipate making involve a high degree of risk. In general, financial and operating risks confronting portfolio companies can be significant. While targeted returns should reflect the perceived level of risk in any investment situation, there can be no assurance that the Funds will be adequately compensated for risks taken. A loss of the Investor's entire investment is possible. The timing of profit realization is highly uncertain. Losses are likely to occur early in the Funds' term, while successes often require a long maturation.

Smaller companies often experience unexpected problems in the areas of product development, manufacturing, marketing, financing, and general management, which, in some cases, cannot be adequately solved. In addition, such companies may require additional financing. Companies in an expansion or profitable stage may have obtained capital in the form of debt to expand rapidly, reorganize operations, acquire other businesses, or develop new products and markets. These activities by definition involve a significant amount of change in a company and could give rise to significant problems in sales, manufacturing, and general management of these activities.

### ***Dependence on the Managing Partners***

The success of the Fund depends in substantial part on the skill and expertise of the Managing Partners, and the ability of the Managing Partners to identify, consummate and manage suitable investments and to dispose of investments for a profit. There is ever increasing competition among alternative asset firms, financial institutions, private equity firms, investment managers and other industry participants for hiring and retaining qualified professionals, and there can be no assurance that any individual professional, including the Managing Partners, will continue to be affiliated with the Funds throughout its term or that replacements, if any, will perform well. The ability to recruit, retain and motivate such investment professionals is dependent on the ability of the Funds to offer attractive incentive opportunities. The loss of the services of one or more of the Managing

Partners or other professionals responsible for the Funds could have a material adverse effect on the Funds.

### ***No Assurance of Returns***

The success of the Funds will largely depend on the ability of the Investment Manager to identify suitable investments and to negotiate advantageous terms for the Funds relating to such investments. The Investment Manager may not be able to execute the Funds' investment objectives or generate returns to Funds investors commensurate with the risks of investing in the types of transactions described herein. The Funds may invest in companies that are experiencing or are expected to experience financial difficulties, which will require additional equity capital to be successful. Investment in the portfolio companies may involve a high degree of risk. Portfolio companies may face intense competition, including competition from companies with greater financial resources, more extensive development, manufacturing, marketing and service capabilities and a larger number of qualified managerial personnel. Since the Funds may only make a limited number of investments and since many of the Funds' investments may involve a high degree of risk, poor performance by a few of the investments could severely affect the total returns to investors. There can be no assurance that the investors will receive distributions from the Funds in an amount equal to their investment in the Funds as investments in portfolio companies are speculative and can result in the partial or total loss of capital. The Funds' operating costs, including the management fee payable to the Investment Manager, may exceed the Funds' income, thereby requiring the difference to be paid out of the Funds' capital account. It is possible these losses may never be recovered. The timing of profit realization, if any, is highly uncertain. Losses on unsuccessful investments may be realized before gains are realized on successful Investments. An investment in the Funds should only be considered by persons who can afford a loss of their entire investment.

### ***Portfolio Company Selections***

The Funds' returns on its investments will depend on the Investment Manager's skill in selecting particular investments in portfolio companies. The Investment Manager has complete discretion to make investment decisions based on the Managing Partners' analysis and judgment. In making its decisions, the Investment Manager may rely on information and data provided and prepared by third parties, including the portfolio companies and others, such as third parties who provide origination and due diligence support. Although the Investment Manager intends to evaluate the accuracy and importance of such information and data, it will not always be in a position to confirm the completeness, genuineness, or accuracy of such information and data. The Investment Manager will use valuation procedures that the Investment Manager believes are fair and accurate. However, these procedures are subjective in nature, may not conform to any particular industry standards (if any such industry standards exist) and may not reflect actual values at which the investments are ultimately realized.

### ***Limited Number of Investments; Sector Concentration***

The Funds are expected to participate in a limited number of Investments. In addition, Investors may be excluded or excused from investments in certain situations. As a consequence, the number of investments in which the investors participate will accordingly be limited, and the aggregate return to the Investors may be substantially adversely affected by the unfavorable performance of a single investment. If certain of the Funds' investments perform unfavorably, one or more of its other investments must perform very well in order for the Funds to achieve above-average returns. There can be no assurance that this will be the case. In addition, prospective Investors have no assurance as to the degree of diversification of the Funds' investments, either by geographic region, industry segment or asset type. The Funds' investments may be concentrated in a particular sector, issuer, industry or geographic region, with the result that the overall value of the Funds' investments will become more susceptible to adverse economic or business conditions affecting any such sector, issuer, industry or region. Furthermore, if the Funds invest alongside other private equity funds in which an Investor is also invested, an Investor may have exposure to investments through more than one fund.

### ***Limitations on Ability to Exit Investments***

The Investment Manager expects to exit from its investments primarily through private sales (including acquisitions of its portfolio companies) and potentially through public offerings. At any particular time, one or both of these avenues may not be open to the Funds, or timing with respect to these exit mechanisms may be inopportune. As such, the ability to exit from and liquidate portfolio holdings may be constrained at any particular time. The Funds may also make investments that may not be advantageously disposed of prior to the date that the Funds will be wound-up and dissolved, either by expiration of the Funds' term or otherwise. The Funds may have to sell, distribute or otherwise dispose of Investments at a disadvantageous time as a result of dissolution.

### ***Absence of Liquidity***

The investments by the Funds will generally be highly illiquid compared to other asset classes. The eventual liquidity of all investments of the Funds will be dependent upon the success of the realization strategy proposed for each investment, which could be adversely affected by a variety of risk factors. Realization of the Funds' assets on termination or otherwise could be a process of uncertain duration. Furthermore, any investments that are held in a joint venture where the Funds' stake is 50% or less may prove more difficult to realize. The realization price for such a joint venture stake may also differ from the fair market value of the investment.

### ***Time Required to Maturity of Investments***

A significant period of time may elapse from the time the Funds commit to make an investment until the time such investment matures and the Funds are able to realize a return on the investment. As a result, it is possible that no significant return will be realized by the Funds from most of its investments for a substantial number of years.

### ***Risks Relating to Due Diligence of and Conduct at Portfolio Companies***

Before making investments, the General Partner will typically conduct such due diligence as it deems reasonable and appropriate based on the facts and circumstances applicable to each Investment. Due diligence may entail evaluation of important and complex business, financial, tax, accounting, environmental and legal issues. Outside consultants, legal advisors, accountants, investment banks and other third parties will be involved in the due diligence process to varying degrees depending on the facts and circumstances of the particular investment. Such involvement of third-party advisors or consultants may present a number of risks primarily relating to the General Partner's reduced control of the functions that are outsourced. In addition, if the General Partner is unable to timely engage third-party providers, its ability to evaluate and acquire more complex targets could be adversely affected. When conducting due diligence and making an assessment regarding an investment, the General Partner will rely on the resources available to it, including information provided by the target of the investment and, in some circumstances, third-party investigations. The due diligence investigation that the General Partner carries out with respect to any investment opportunity may not reveal or highlight all relevant facts that are necessary or helpful in evaluating such investment opportunity. No such investigation will guarantee that an investment will be successful or ensure a return of invested capital.

Small private companies, such as those in which the Funds intend to invest, may have little or no operating history or may not have records that reliably reflect such history. For example, certain investment targets may not have audited financial statements and, as a result, the General Partner may rely on quality of earnings reports or other measures it deems appropriate in order to evaluate a potential portfolio company's financial condition. There can be no assurance that the General Partner will correctly evaluate the nature and magnitude of the various factors that could affect the value of investments in such companies. There can be no assurance that the Funds will be able to detect or prevent irregular accounting, employee misconduct or other fraudulent practices during the due diligence phase or during its efforts to monitor the investment on an ongoing basis. In the event of fraud by any portfolio company or any of its affiliates, the Funds may suffer a partial or total loss of capital invested in that portfolio company. Conduct occurring at portfolio companies, even activities that occurred prior to the Funds' investment therein, could have an adverse impact on the Funds. For example, the European Commission has held that private funds may be liable for the anticompetitive activities of a portfolio company if such funds exercised "decisive influence" over the portfolio company. This precedent illustrates the risk that even if private equity funds are only involved in the high-level strategy and commercial policy of their portfolio companies, it does not exclude them

from liability in the context of aggressive courts or regulators. An additional concern is the possibility of material misrepresentation or omission on the part of the portfolio company or the seller. Such inaccuracy or incompleteness may adversely affect the value of the Funds' investment in such portfolio company. The Funds will rely upon the accuracy and completeness of representations made by portfolio companies and their former owners and advisors in the due diligence process to the extent reasonable when it makes its investments, but cannot guarantee such accuracy or completeness. Under certain circumstances, payments to the Funds may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment.

### ***Operating Risks***

A portfolio company's financial results will be affected by many factors, including (i) the ability to successfully identify a market or markets in which there is a need for its products; (ii) the ability to successfully negotiate strategic alliances, licensing and other relationships for product development, marketing, distribution and sales; (iii) the progress of research and development programs with respect to the development of additional products and enhancements to existing products; (iv) the ability to protect proprietary rights; and (v) competing products and market developments, particularly companies that have substantially greater resources. There can be no assurance that a portfolio company will be able to achieve and maintain cost efficient operations or that any of their products or services will achieve a significant level of market acceptance. The continued development and expansion of their products or services will require additional research, sales and marketing and other significant expenditures. The required level and timing of such expenditures will impact their ability to achieve profitability and positive cash flows from operations at the levels projected, or at all. There can be no assurance that a portfolio company will ever achieve growth in revenues or profitability or maintain the level of revenue or profitability at the portfolio company.

### ***Changing Regulatory Environment***

The regulatory environment for private investment funds is evolving, and changes in the regulation of private investment funds may adversely affect the value of investments held by the Funds and the ability of the Funds to effectively employ its investment strategies. Increased scrutiny and potential legislation applicable to private investment funds and their sponsors may also impose significant administrative burdens on the Investment Manager and may divert time and attention from portfolio management activities. In light of the changing global regulatory climate, the Funds may be required to register under certain foreign laws and regulations, and need to engage distributors or other agents in certain non-U.S. jurisdictions in order to market interests to prospective investors. The effect of any future regulatory change(s) on the Funds could be substantial and adverse. In addition, the securities and futures markets are subject to comprehensive statutes, regulations and

margin requirements. The SEC, other regulators and self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies.

In addition to the risks regarding regulatory approvals, it should be noted that government counterparties or agencies may have rights and remedies under applicable law in addition to any contractual rights they may have. A portfolio company or the Funds' investment therein also could be materially and adversely affected as a result of statutory or regulatory changes or judicial or administrative interpretations of existing laws and regulations that impose more comprehensive or stringent requirements on such company. Governments have considerable discretion in implementing regulations, including, for example, the possible imposition or increase of taxes on income earned by a portfolio company or gains recognized by the Funds on its investment in such portfolio company, that could impact a portfolio company's business as well as the Funds' return on investment with respect to such portfolio company.

### ***Reliance on Portfolio Company Management***

The General Partner will monitor the performance of companies in which the Funds make investments, generally through participation on, or interaction with, the board of directors (or equivalent body) of the company and by maintaining an ongoing dialogue with the company's management team. However, each portfolio company's management team will be primarily responsible for the operations of the company on a day-to-day basis. Although it is the intent of the Funds to invest in portfolio companies with strong operating management, there can be no assurance that the existing management team, or any new one, will be able to operate a portfolio company successfully. Additionally, portfolio companies may need to attract, retain and develop executives and members of their management teams. The market for executive talent can be extremely competitive. There can be no assurance that portfolio companies will be able to attract, develop, integrate and retain suitable members of their respective management teams, and the Fund may be adversely affected as a result.

### ***Market Uncertainties***

A portfolio company's ultimate success will depend upon market acceptance of its concepts, products, services and other solutions. No assurance can be given that the markets they establish will be sufficient for operations to achieve targeted profitability levels. There also can be no assurance that performance errors and deficiencies will not be found, or if found, that they will be able to successfully correct such performance errors and deficiencies in a timely manner or at all.

### ***Competition***

The portfolio companies are engaged in businesses in very competitive industries with numerous large and small potential competitors, which may involve a high degree of



business and financial risk. Many of these competitors have established public images and greater financial strength and personnel resources than the portfolio companies.

### ***Additional Capital for Investments***

Following its initial investment in a portfolio company, the Funds may need or deem it appropriate to provide additional funds for the investment. There is no assurance that the Funds will be willing or be able to fund such follow-on amounts, or that the Funds will have sufficient uncommitted capital or available cash to provide additional funds to an asset in excess of its original investment. Any decision by the Funds not to make follow-on investments or its inability to make such investments may have a substantial negative impact on an investment in need of such additional capital and may diminish the Funds' ability to influence the investment's future development and operation.

### ***Impact of Pending and Future Litigation***

From time to time, the Funds, the General Partners and the Investment Manager may be directly involved in a number of legal proceedings, lawsuits and other claims. These parties may also be named as defendants in lawsuits allegedly arising out of their actions. An unfavorable resolution of pending or future litigation may have a material adverse effect on the Funds' business, results of operations and financial condition. Regardless of its outcome, litigation may result in substantial costs and expenses and significantly divert the attention of management. There can be no assurance that the Funds will be able to prevail in, or achieve a favorable settlement of, pending or future litigation.

### ***Leverage***

The Fund may invest in portfolio companies whose capital structures will have significant leverage. Leveraged investments will be subject to increased exposure to adverse economic factors such as a significant rise in interest rates or a severe downturn in the economy. The leverage will result in interest expense and other costs incurred in connection with such borrowings, which may not be covered by available cash flow. While leverage may enhance the total return to Investors, if investment results fail to cover borrowing costs, returns to the Investors will be lower than if there had been no borrowings. Further, if the Funds default on secured indebtedness, the lender may foreclose on the property that serves as collateral in respect of such indebtedness and the Funds could lose its entire interest in the property. The Funds may obtain a credit facility to finance its investments and such credit facility may be secured by assets of the Funds or by a direct or indirect pledge of the Investor's unfunded commitments. In the event of a default under such a facility, the lender could foreclose on such unfunded commitments.

### ***Inflation***

Inflation could affect the Fund's investments adversely in a number of ways. During periods of rising inflation, interest rates and dividend rates related to portfolio investments

could increase, which would tend to reduce returns to Funds and any underlying investors. In addition, inflationary expectations or periods of rising inflation could also be accompanied by the rising price movement of equity and other investments in the Funds. During periods of high inflation, capital could flee to other asset classes, which could adversely affect the prices at which the Fund will be able to sell its portfolio investments. The market value of such investments/holdings is also subject to decline in value in times of higher inflation rates. Therefore, it should be noted that inflation and rapid fluctuations in inflation rates have had in the past, and will likely in the future have, negative effects on U.S. and non-US economies and financial markets as a whole and not just on the Firm.

### ***Banking Uncertainty and Custody Risk***

The Firm is required to maintain certain Fund assets with a qualified custodian, such as a bank, broker-dealer, or other financial institution. There are risks involved in dealing with the custodians who hold the Funds' and/or portfolio companies' investments and assets, including the potential loss of securities and cash held in custody in the event of a custodian's insolvency, negligence, fraud, poor administration, inadequate recordkeeping or other events which could impair the custodian's ability to conduct business. Although the Firm monitors the custodians, there is no guarantee that any uninsured depositors, including the Funds and/or its portfolio companies, of a custodian that closes will be made whole or, even if made whole, that such deposits will become available for withdrawal in short order such as not to impair or injure the performance of the Fund and/or any portfolio company. There is no certainty that, in the event of the failure of a bank or other qualified custodian that has custody of Fund and/or its portfolio companies' assets, that the Fund and/or its portfolio companies would not incur losses due to those assets being unavailable for a period of time, the ultimate receipt of less than full recovery of its assets, or both. Consequently, the Fund and/or its portfolio companies may be delayed or prevented from accessing money, making any required payments under their own debt or other contractual obligations or pursuing key strategic initiatives, and limited partners may be impacted in their ability to honor capital calls and/or receive distributions. In March 2023, developments in the banking sector have caused uncertainty and fear of instability in the global financial system. In addition, some banks acting as qualified custodians, in particular smaller regional banks, have been subject to concerns that depositors at these institutions have withdrawn, or may withdraw in the future, significant sums from their accounts and have also experienced volatile stock prices and significant losses in their equity value. Such circumstances could impact the operations of those custodians and potentially lead to their insolvency, bankruptcy or other events that could subject the Funds' and/or its portfolio companies' assets to a risk of loss.

### ***Dependence on Key Employees***

The Funds and their portfolio companies are substantially dependent upon the experience and knowledge of their management teams, the Managing Partners and the Investment Manager's other investment professionals. The loss to the Funds or the portfolio companies

of a member of their management teams or one or more of the Managing Partners would be detrimental to the development of the Funds and the portfolio companies.

### ***Non-Controlling Investments; Investments with Third Parties***

While the Funds will seek majority board representation at each portfolio company and customary governance rights, there is no assurance that it will do so in every case. The Funds may hold a non-controlling position, minority interest in certain portfolio companies and, therefore, may have a limited ability to protect its position in such portfolio companies, although as a condition of investment in a portfolio company, the General Partner expects that appropriate shareholder rights generally will be sought to protect the Funds' interests. In such cases, the Funds will typically be significantly reliant on the management, board of directors (or equivalent) and other shareholders of such companies, who may not be affiliated with the Funds and whose interests may conflict with the interests of the Funds. In addition, the Funds may invest alongside third parties, including through partnerships, joint ventures or other similar arrangements, and such third parties may have larger ownership interests than the Funds or otherwise share control with the Funds in the relevant portfolio companies. Such investments may involve additional risks in connection with such third-party involvement, including the possibility of a third party having financial difficulties resulting in a negative impact on the investment, having economic or business interests or goals that are inconsistent with those of the Funds, or being in a position to take (or block) action in a manner contrary to the Funds' investment objectives. In each such case, the Funds may not be in a position – either practically or contractually – to take action to protect the value of the Funds' investment in the entity. If any such third party were to default on its obligations with respect to the relevant portfolio company, the value of the Funds' interest in such portfolio company could be materially adversely affected. Although in many cases the Funds expect to have control over, or significant influence on, the decision-making of joint ventures and other similar arrangements, certain decisions will require approval of all investors, including third parties. The cooperation among the investors on existing and future business decisions will be an important factor for the sound operation and financial success of these businesses. Disputes among joint owners do arise, and could have an adverse effect on the financial conditions or results of operations of these businesses and in some instances, give rise to indemnification or other expense for the Funds. In addition, the Fund, in certain circumstances, will be liable for the actions of third-party investors. In circumstances where third-party investors are involved in the management of a portfolio company, such third parties may receive compensation arrangements relating to such company, including incentive compensation arrangements. There can be no assurance that minority rights will be available or that such rights will provide sufficient protection of the Funds' interests.

### ***Non-U.S. Investment Risks***

The Funds may invest a portion of its committed capital in investments outside of the United States. Non-U.S. economies may differ unfavorably from the U.S. economy in such

respects as growth of gross national product, rate of inflation, capital reinvestment, resource self-sufficiency and balance-of-payments positions, and may entail competitive dynamics that differ from those in the United States, including varying levels of antitrust, anti-corruption, industry or other governmental regulation and the possibility of competition against government-owned or -affiliated businesses. Furthermore, portfolio companies located in non-U.S. jurisdictions may be involved in restructurings, bankruptcy proceedings and/or reorganizations that are not subject to laws and regulations that are similar to the U.S. Bankruptcy Code and the rights of creditors afforded in U.S. jurisdictions. To the extent such non-U.S. laws and regulations do not provide the Funds with equivalent rights and privileges necessary to promote and protect its interest in any such proceeding, the Funds' investments may be adversely affected. In addition, laws and regulations in non-U.S. jurisdictions, particularly those relating to foreign investment and taxation, may impose costs and expenses on the Funds and its investments, including with regard to non-U.S. taxes on income and gains recognize with respect to its investments, which may not be creditable or deductible by the Investors. The Funds and the Investors may be subject to tax, reporting and other filing obligations in non-U.S. jurisdictions in which non-U.S. portfolio companies reside or operate, including confiscatory levels of taxation. In addition, the repatriation of funds may be restricted or subject to taxes in the relevant non-U.S. jurisdiction, which could delay or reduce returns to the Investors. Any of the foregoing factors may increase transaction costs and adversely impact the value of the Funds' non-U.S. investments and/or returns to the Investors.

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

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

### ***Pandemic Risks and Global Health Events***

An epidemic outbreak and reactions to such an outbreak could cause uncertainty in markets and businesses and could adversely affect the performance of the global economy, including causing market volatility, market and business uncertainty and closures, supply chain and travel interruptions, the need for employees and vendors to work at external locations, and extensive medical absences. The Firm has policies and procedures to address known situations, but because a large epidemic may create significant market and business uncertainties and disruptions, not all events that could affect the Firm's business and/or the markets can be determined and addressed in advance. The Firm could also be subject to the risk of loss arising from direct or indirect exposure to a number of types of other catastrophic events, including without limitation other public health crises, including any outbreak of coronavirus, SARS, H1N1/09 influenza, avian influenza, Ebola or other existing or new epidemic diseases, or the threat thereof.

### ***Business Continuity***

Various force majeure events, including acts of God, natural disasters such as fire, flood or earthquakes, wars, terrorist acts, outbreaks of infectious disease, epidemics, pandemics or other serious public health concerns, cyber-attacks, technology and/or power failures, labor strikes, or geopolitical or other extraordinary, or other unforeseen circumstances or events, may materially disrupt the Funds' business and operations, or the business and operations of any counterparty or service provider to the Funds, and the Funds may be adversely affected thereby. For example, if a significant number of the Firm's personnel were to be unavailable in a force majeure event (such as war, terror attack or an outbreak of infectious disease), the Firm's ability to effectively conduct the Funds' business could be severely compromised. In addition, the cost to the Funds of repairing or replacing damaged assets or systems resulting from such force majeure event could be considerable. While the Firm has adopted certain policies and procedures designed to restore and/or continue its business and operations in such situations, there is no guarantee that such policies and procedures will be effective in any of such situations or will be implemented in time, and the Funds may be adversely affected thereby.

## **ITEM 9 - DISCIPLINARY INFORMATION**

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Neither Stone-Goff nor any of its officers or employees have been sanctioned or disciplined by any federal securities or commodities regulatory agency, self-regulatory organization or state for any violation of their statutes, regulations or rules nor have they ever been involved in any civil or criminal action relating to any violation of the federal or state securities or commodities laws.

## **ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

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Neither Stone-Goff nor any General Partner is registered or have an application pending to register as a broker-dealer or a registered representative of a broker-dealer.

Neither Stone-Goff nor any General Partner is 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.

The General Partners are affiliated entities of, and under common control with, Stone-Goff.

Neither Stone-Goff nor the General Partners recommend or select other investment advisers for the Funds.

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

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Pursuant to Rule 204A-1 of the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”), Stone-Goff has adopted a Code of Ethics (the “**Code**”) that establishes various procedures with respect to investment transactions in accounts (“**Covered Accounts**”) in which any of Stone-Goff’s employees have discretionary investment authority or exercise effective influence or control.

Stone-Goff’s Code was adopted to avoid possible conflicts of interest, avoid the inappropriate use of material, non-public information and ensure the propriety of its employees’ and its principals’ trading activity.

The foundation of the Code is based on the underlying principles that:

- Employees must at all times place the interests of the client first;
- Employees must make sure that all personal securities transactions are conducted consistent with the Code; and
- Employees should not take inappropriate advantage of their position.

A copy of Stone-Goff’s Code is available to any client or prospective client upon request.

### ***Personal Trading Policy and Reporting of Transactions***

Covered Account transactions in certain types of securities require pre-approval by the CCO. Employees must also obtain pre-approval from the CCO before participating in an initial public offering or private placement.

Covered Account transactions are subject to review by Stone-Goff’s CCO. These records are used to monitor compliance with the foregoing policies.

### ***Gifts and Entertainment, Political Activities and Outside Activities***

The Code provides that gifts and entertainment must be reasonable in light of industry practices and should never be given or received if the purpose is to influence the recipient.

Stone-Goff requires access persons to report or receive approval for the receipt or giving of gifts and entertainment under certain circumstances.

The Code also generally requires employees to obtain prior approval before the employee, a spouse, or certain other immediate family members makes a political contribution or engages in certain campaign-related fundraising activities. This policy is intended to prevent scenarios whereby an access person makes a contribution or engages in an activity for the selection of Stone-Goff as an investment adviser for a governmental entity.

Finally, the Code provides that, without prior approval, access persons are generally not permitted to engage in certain types of outside business activities. This policy is intended to prevent material conflicts of interest that could arise from an access person's personal activities.

### ***Privacy Policy***

Stone-Goff is committed to maintaining the confidentiality, integrity and security of its Investors' personal information. It is Stone-Goff's policy to collect only information necessary or relevant to its management business and use only legitimate means to collect such information. Stone-Goff does not disclose any non-public, personal information about its underlying Investors to anyone except for servicing and processing transactions and as required by law. Stone-Goff restricts access to non-public, personal information about its Investors to those employees with a legitimate business need for the information. Stone-Goff maintains security practices, physical, electronic and procedural safeguards to guard each Investor's non-public, personal information. Upon request, Stone-Goff will provide a copy of its written privacy policies and procedures.

## **ITEM 12 - BROKERAGE PRACTICES**

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Stone-Goff provides discretionary investment advice to the Funds and does not have an active brokerage relationship due to the type of investments made by Stone-Goff for the Funds.

## **ITEM 13 - REVIEW OF ACCOUNTS**

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Stone-Goff will review the Funds' investments on a regular basis with a view to evaluating, among other things, economic developments, industry outlook and other issues related to the investments. The Funds' investments are reviewed by a team consisting of Stone-Goff's principals and other investment professionals. This team monitors overall performance, portfolio composition, credit events in the underlying portfolios, financial performance and compliance with the investment guidelines of the relevant Funds. Reviews also consider, and may be triggered by, market, legal or regulatory developments.

Stone-Goff will typically provide the investors in the Funds with the following written reports: (i) audited annual financial statements; (ii) quarterly unaudited performance reports; and (iii) annual tax information necessary to complete any applicable tax returns.

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

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Stone-Goff has engaged a third-party placement agent to introduce prospective Investors to Stone-Goff Partners IV, LP for a potential transaction. The third-party placement agent is a registered broker-dealer with the SEC. Stone-Goff may compensate the third-party placement agent for the provided services based on transaction commitments and follow-on commitments. Compensation for transaction commitments and follow-on commitments is based on a percentage fee between 1% and 2%, pending the outcome of the transaction, and is paid out in the event of a closing. This third-party placement agent may also be compensated if the same prospective Investors invest in future funds sponsored by Stone-Goff.

#### **ITEM 15 - CUSTODY**

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Stone-Goff is deemed to have custody of the assets of the Funds. Therefore, in order to comply with Rule 206(4)-2 of the Advisers Act (the “**Custody Rule**”), Stone-Goff complies with the pooled vehicle annual audit provision. Annually, upon completion of the annual audit of the Funds, Stone-Goff shall seek to ensure that the audited financial statements are delivered to Investors in each Fund within 120 days of each Fund’s fiscal year end. The audited financial statements will be prepared by an independent accounting firm that is registered with and subject to review by the Public Company Accounting Oversight Board (“**PCAOB**”), in accordance with U.S. Generally Accepted Accounting Principles (“**GAAP**”). Investors should carefully review these audited financial statements, and any Investors who have not received audited financial statements timely should contact Stone-Goff immediately.

#### **ITEM 16 - INVESTMENT DISCRETION**

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Stone-Goff, subject to the direction and control of the General Partner of the Funds, has investment discretion in managing the investments of the Funds. The terms of these investments as well as the investment strategy and guidelines around the use of this discretion are described in detail in the Funds’ Offering Documents.

Stone-Goff assumes, subject to the direction and control of the General Partner of the Funds, investment discretion and day-to-day operations over the Funds by virtue of the execution of the investment advisory contracts with the Funds, as contemplated in the limited partnership agreements of the Funds.



**ITEM 17 - VOTING CLIENT SECURITIES**

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Neither Stone-Goff nor the Funds will vote public company proxies.

**ITEM 18 - FINANCIAL INFORMATION**

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Registered investment advisers are required in this Item to provide certain financial information or disclosures about the registered investment adviser's financial condition. Stone-Goff has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.