

CYNOSURE MANAGEMENT, LLC

111 S. Main Street, Suite 2350
Salt Lake City, UT 84111

www.cynosuregroup.com

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This brochure provides information about the qualifications and business practices of Cynosure Management, LLC. If you have any questions about the contents of this brochure, please contact us at 801-521-3100. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

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

Cynosure Management, LLC is an investment adviser registered with the SEC (a "registered investment adviser"). This registration does not imply a certain level of skill or training.

ITEM 2: MATERIAL CHANGES

This Brochure is intended to provide potential and existing clients with an overview of Cynosure. It also contains important disclosures regarding items such as certain practices of Cynosure, potential material conflicts that may arise and key potential investment risks. While these may not be material, in certain sections, including conflicts of interest, investment risks (including political conflict, public health and current market conditions risk factors) and fees and expenses, additional clarification and detail has been provided as part of our annual updates. We encourage all recipients to read this Brochure carefully in its entirety.

The following is a discussion of the material changes to Cynosure's Brochure since the update filed January 25, 2023.

- Item 4: Advisory Business:
 - Added information on two Cynosure divisions – Cynosure Advisors and Cynosure Partners
 - Updated Regulatory Assets Under Management
- Item 5: Fees and Compensation:
 - Added additional information on Common Types of Fees and Common Types of Expenses with specific regard to Cynosure Advisors and Cynosure Partners
 - Added additional information regarding Performance-Based Arrangements and Other Fees
- Item 8: Methods of Analysis, Investment Strategies and Risk of Loss
 - Added information on two Cynosure divisions – Cynosure Advisors and Cynosure Partners
 - Added additional disclosures in Risk of Loss

ITEM 3: TABLE OF CONTENTS

Item 2:	Material Changes	2
Item 3:	Table of Contents.....	3
Item 4:	Advisory Business	4
Item 5:	Fees and Compensation	5
Item 6:	Performance-Based Fees and Side-by-Side Management	10
Item 7:	Types of Clients.....	11
Item 8:	Methods of Analysis, Investment Strategies and Risk of Loss.....	12
Item 9:	Disciplinary Information.....	22
Item 10:	Other Financial Industry Activities and Affiliations.....	23
Item 11:	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	23
Item 12:	Brokerage Practices	28
Item 13:	Review of Accounts.....	29
Item 14:	Client Referrals and Other Compensation	30
Item 15:	Custody	30
Item 16:	Investment Discretion.....	31
Item 17:	Voting Client Securities	31
Item 18:	Financial Information	32

ITEM 4: ADVISORY BUSINESS

Cynosure Management, LLC (“Cynosure” or the “Firm”), is a Utah limited liability company formed in 2015 and is registered with the SEC as an investment adviser, with its principal office in Salt Lake City, Utah, and a place of business in New York City, New York. It provides investment advisory services, either directly or through co- and sub-advisory arrangements, to various Cynosure-sponsored investment vehicles and separately managed accounts (each an “Advisory Client”¹).

As of December 31, 2022, Cynosure managed approximately \$2,526,765,313 billion of assets in respect of which Cynosure has full investment discretion (subject to the Advisory Client’s established investment guidelines). Cynosure is principally owned by several individuals and through trusts with no person or entity owning more than 25%.

In providing its services to each Advisory Client, Cynosure and its related persons provide advice with respect to the investment and reinvestment of each Advisory Client’s assets and may assist in coordinating reports to investors. Cynosure manages the assets of each Advisory Client in accordance with the terms of the governing documents (or investment management agreement in the case of a separately managed account) applicable to such Advisory Client.

Cynosure also acts as a sub- or co-investment adviser with unaffiliated investment advisers for certain investment vehicles that are joint ventures between Cynosure and unaffiliated entities, for example, its joint ventures with 4612 Group and Avalon Advisors.

Cynosure Advisors Wealth Management

Cynosure works closely with its separately managed account Advisory Clients to develop comprehensive, customized investment programs based on an analysis of various factors, such as the Advisory Client’s investment goals, tax position, diversification requirements, other assets held, social concerns, risk tolerance, etc. After completing this analysis, Cynosure will construct a portfolio by allocating the Advisory Client’s assets among various investment strategies. In some cases, an Advisory Client may also direct Cynosure to construct a portfolio based on a single or limited number of strategies that is not part of a comprehensive portfolio management program. Each client’s investment program is monitored on an ongoing basis, reviewed with the Advisory Client at least annually, and is adjusted from time to time in response to changing market conditions, client circumstances or other factors.

Most investment strategies focus on investments in publicly traded securities, as well as private equity and other alternative investment vehicles, including Cynosure-sponsored investment vehicles.

Cynosure Partners Alternative Investments

Cynosure identifies investment opportunities and participates in the acquisition, management, monitoring and disposition of investments for each Cynosure-sponsored investment vehicle. The Firm closely analyzes investment opportunities in a wide range of companies, from small-cap growth companies to larger, more mature companies, in industries that have ranged from quick service restaurants to financial technology, and in geographies including North America, Asia, and Europe. Private equity investments take the form of privately negotiated investment instruments, including unregistered equity securities of both U.S. and non-U.S. issuers.

¹ “Advisory Client” means any fund, pooled investment vehicle or separately managed account for which Cynosure directly or indirectly provides investment advice and/or places trades on a discretionary or nondiscretionary basis. The investors and other persons who invest in Cynosure-sponsored investment vehicles are generally referred to herein as “investors.” Unless otherwise expressly stated herein, the term “Advisory Clients” does not include “investors”.

Interests in Cynosure's-sponsored investment vehicles advised by Cynosure are privately offered only to eligible investors pursuant to exemptions available under the United States Securities Act of 1933, as amended (the "Securities Act"), and the regulations promulgated thereunder. Such investment vehicles, including parallel and co-investment vehicles, are not registered with the SEC as investment companies based on specific exclusions from the United States Investment Company Act of 1940, as amended (the "1940 Act"). Typically, interests in such investment vehicles are offered to institutional investors, high net worth individuals as well as non-U.S. investors. Additionally, Cynosure, its affiliates and equity owners, and certain of its respective professionals typically invest in or alongside Advisory Clients. Other qualified individuals who generally are not employees of Cynosure, but who have or had business relationships with Cynosure or industry expertise in the sector in which a particular Advisory Client may be investing (including, without limitation, operating executives, operating advisors, consultants, former employees, senior advisors, and other similar professionals) are also expected to invest in or alongside Advisory Clients. Some of these outside investors and industry experts are current or former executives of portfolio companies in which an investment vehicle will invest.

As described more fully in Item 11, Cynosure and its related entities may enter into side letter agreements or Investment Management Agreements (also referred to as, "Commitment Letters") with certain investors in a Cynosure-sponsored investment vehicle providing such investors with customized terms, which could result in preferential treatment for certain investors.

ITEM 5: FEES AND COMPENSATION

Cynosure generally receives management fees, incentive fees, carried interest or similar profit allocations from Advisory Clients. Advisory Clients frequently also indirectly incur or generate other fees payable to Cynosure, depending on the nature of their portfolio activities. Cynosure, for example, earns fees and other compensation from prospective and actual portfolio companies, purchasers, sellers and other parties as compensation for services (collectively, "Service Fees"). These Service Fees can include project, structuring, topping, termination, break-up, directors', organizational, set-up, syndication, closing, commitment, advisory, consulting, and other similar fees in connection with the purchase, monitoring, or disposition of underlying investments or from unconsummated transactions. In general, the specific legal and/or organizational documents of the relevant Advisory Client, the investment management agreement between Cynosure (or an affiliate) and such Advisory Client or the agreements in respect of the portfolio investments describe the basic fee structure relevant to the investors in such Advisory Client. To the extent provided in such organizational documents or investment management agreement, Cynosure's management fees from Advisory Clients generally are reduced (offset) by a specified portion of the Service Fees that arise out of such Advisory Client's investment activities. The Service Fees can be and often are substantial, and if not fully offset pursuant to organizational documents will be indirectly borne by investors.

Certain fees are excluded from the definition of "Service Fees" and not subject to a management fee offset. In addition, Cynosure and its personnel can be expected to receive certain intangible and/or other benefits and/or perquisites arising or resulting from their activities on behalf of Advisory Clients that will not be subject to the management fee offset or otherwise shared with the Advisory Clients, investors and/or portfolio companies. For example, airline travel or hotel stays incurred as Advisory Client expenses typically result in "miles" or "points" or credit in loyalty/status programs, and such benefits and/or amounts will, whether or not *de minimis* or difficult to value, inure exclusively to Cynosure and/or such personnel (and not the Advisory Clients, investors and/or portfolio companies) even though the cost of the underlying service is borne by the Advisory Clients, investors and/or portfolio companies.

From time to time, Cynosure employees are expected in the future to be asked to serve on the boards of directors of companies in which an Advisory Client has fully exited its ownership interest. Such companies are not portfolio companies and therefore, to the extent the Cynosure employee is offered standard board compensation for his or her services post-

exit, such standard board compensation is not subject to the management fee offset or otherwise shared with the Advisory Clients, investors and/or portfolio companies.

From time to time, former Cynosure employees have been, and are expected in the future to be, asked to serve on the boards of directors of companies in which an Advisory Client continues to have an ownership interest. To the extent the former Cynosure employee is offered standard board compensation for his or her services, depending on the facts and circumstances, including the duration of the separation from Cynosure, such standard board compensation is not expected to be subject to the management fee offset or otherwise shared with the Advisory Clients, investors and/or portfolio companies.

Advisory Clients also typically bear certain out-of-pocket expenses incurred by Cynosure or its affiliates in connection with the services provided to such Advisory Clients. The following sections discuss the most common fees and expenses in more detail.

Common Types of Fees – Management Fees and Administration Fees

Management fees are negotiable and, depending on the Advisory Client, may be paid in advance or in arrears and are expected to vary for different third-party investors, typically based on commitment size. If management fees with respect to an Advisory Client are assessed in advance, they are generally required to be returned to the investors in such Advisory Client should Cynosure's and its affiliates' management services to the Advisory Client be terminated prior to the end of the period in respect of which the fees have been paid (including, for example, situations where the final distribution by an Advisory Client occurs prior to the end of a period for which management fees have already been paid). In general, the amount of such fees to be returned is calculated based on the number of days remaining in the applicable period.

Cynosure Advisors Wealth Management

For certain separately managed accounts, management fees generally range from 0.35 to 1.5 percent of the current value of the investment. For services provided to certain separately managed accounts, the Advisory Client may pay a management fee to Cynosure or one of its affiliates, which fee will be in addition to any fees charged by pooled investment funds in which such managed account makes an investment. In some situations, an Advisory Client pays management fees based on net asset value of the investments held by such Advisory Client.

Fees are assessed and deducted from the account quarterly or on such other basis as Cynosure and the Advisory Client may agree to in writing. Cynosure will aggregate the combined assets under management of related accounts (including parents, children, grandparents) for determining the fee schedule. Except as otherwise negotiated with a client, fees are typically calculated based upon the average daily balance, as reported by the account custodian, of all assets under management within the client's account(s), including allocations to cash and accrued interest, in accordance with the following fee schedule:

<u>Asset Level</u>	<u>Annual Fee</u>
First \$10,000,000	0.70% – 0.90%
\$10,000,001 to \$49,999,999	0.50% – 0.69%
Above \$50,000,000	0.35% – 0.49%

For Advisory Clients who have acquired investments prior to engaging the Firm and wish to retain them as portfolio holdings on a continued basis (or “Legacy Assets”), Cynosure will consider, as a professional courtesy, to accept such requests and, in turn, make necessary arrangements with a broker-dealer/custodian. Cynosure has sole discretion as to whether requests to intake Legacy Assets will be granted; however, under no circumstances, will our Firm maintain a fiduciary obligation to manage these assets and costs of retaining Legacy Assets will be paid by the Advisory Client

Cynosure Partners Alternative Investments

For Advisory Clients that are pooled investment funds, the annual management fee is typically in the range of 1.0 - 2.0 percent of third-party investors’ committed capital during the relevant Advisory Client’s investment period. After such investment period, the fee percentage is typically applied only to the amount of third-party capital remaining in investments that have not yet been exited, and the fee percentage also may be reduced (e.g., 0.6 to 2.0 percent of remaining third-party capital). However, to the extent such reduction in fee is triggered during a management fee period of the applicable Advisory Client, such reduction may not be effective until the first day of the next management fee period. Also, if the fee base changes during a period for which fees have been called in advance, any excess fees paid generally are not returned to the investor.

Management fees are generally paid by or on behalf of an Advisory Client by (i) requiring investors in such Advisory Client to make capital contributions in respect of such fees, or (ii) withholding the amount of such fees from investment proceeds that would otherwise be distributable to the investors of such Advisory Client.

Performance-Based Arrangements²

Distributions to investors in most Advisory Clients are subject to some form of carried interest or similar profit allocation for the benefit of an affiliate of Cynosure. Generally, these profit allocations represent a share of distributions made by an Advisory Client in excess of the relevant investors’ invested capital, and allocable fees and expenses. Determinations of whether performance-based profit allocations will be applied will be made each time an investment is realized or on an annual (or more frequent) basis with respect to certain Advisory Clients.

Performance fees, incentive fees or carried interest profit allocations are subject to regulation under Section 205 of the Advisers Act and Rule 205-3 thereunder. Therefore, Cynosure seeks to ensure that any applicable Advisory Client or investors in an Advisory Client 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 Advisory Client, performance fees, incentive 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 high-water marks. The manner of calculation and application of performance fees, incentive fees or carried interest profit allocations are disclosed in the offering documents for, and detailed in the governing agreements of, each Advisory Client.

Management fees, incentive fees and carried interest or similar profit allocations are subject to modification, waiver or reduction in connection with an investment in one or multiple Advisory Clients. Furthermore, Cynosure, its affiliates and equity owners, and certain of their respective professionals typically invest in or alongside Advisory Clients. Other qualified individuals who generally are not employees of Cynosure, but who have or had business relationships with Cynosure or industry expertise in the sector in which a particular Advisory Client may be investing (including, without limitation, operating executives, operating advisors, consultants, former employees, senior advisors, and other similar professionals),

² See also Item 6 – “Performance-Based Fees and Side-By-Side Management”.

also invest in or alongside Advisory Clients. Fees assessed or profit allocations on such investments will likely be substantially reduced or, as is more typical, waived altogether for these investors.

Other Fees

To the extent Cynosure or an affiliate thereof is entitled to receive certain fees from portfolio companies of an Advisory Client, a portion of such Advisory Client's share of such fees paid to Cynosure or such affiliate typically reduces the management fees otherwise payable to Cynosure. The governing agreement (or investment management agreement in the case of a separately managed account) of each Advisory Client sets forth the basis on which such fees reduce management fees, if at all. Certain of these fees are described below.

Acquisition and disposition fees are one-time fees paid to Cynosure or one of its affiliates in connection with an investment or disposition by an Advisory Client. Such fees are generally paid by portfolio companies, but in limited circumstances are paid directly by an Advisory Client. Such fees are common to some, but not all Advisory Clients.

Cynosure engages and retains operating executives, operating advisors, consultants, former employees, senior advisors, and other similar professionals, in all cases, who are not employees of Cynosure ("Operating Professionals"). Operating Professionals receive payments from, or allocations with respect to, portfolio companies (as well as from Advisory Clients) for their services (including for serving on a portfolio company's board of directors). In such circumstances, such payments from, or allocations with respect to, portfolio companies and/or Advisory Clients will not, even if they have the effect of reducing any retainers or minimum amounts otherwise payable by Cynosure, be deemed paid to or received by Cynosure (nor will such amounts be deemed paid to or received by affiliates or personnel of Cynosure) and such amounts will not be subject to the management fee offset provisions described in Item 5 (meaning that such compensation received from the portfolio company will be indirectly borne by the Advisory Client without any offset to such Advisory Client's management fee). To the extent Operating Professionals are engaged through a retainer agreement with Cynosure, Cynosure may elect to bear the expense of base retainer fees, while in other cases, Advisory Clients may bear such fees. These Operating Professionals may have the right or may be offered the ability to co-invest without fees or carry alongside or in Advisory Clients, including in those investments in which they are involved, receive in-kind payments such as stock or stock options, or otherwise participate in equity plans for management of any such portfolio company (which may have the effect of reducing the amount invested by and returned in respect of an Advisory Client investment). Additionally, and notwithstanding the foregoing, these Operating Professionals may be (or have the preferred right to be) investors alongside or in other Advisory Clients. Operating Professionals are expected to be compensated (including pursuant to retainers and expense reimbursement) by Cynosure, an Advisory Client and/or portfolio companies or otherwise uncompensated unless and until an engagement with a portfolio company develops. Certain Operating Professionals will be subject to contractual obligations to exclusively provide certain services to Cynosure.

Cynosure may have a conflict of interest to the extent that it has an opportunity to earn a fee from an investment held by an Advisory Client. Other than transactions expressly permitted by the governing agreements of the relevant Advisory Client, any fees paid to Cynosure or its affiliates by a portfolio company or an Advisory Client are generally assessed on an arm's-length basis on terms that are no less favorable to the Advisory Client or portfolio company than would be obtained in a transaction with an unaffiliated party, are generally no less favorable than market terms, or such fees may be subject to approval. Among the measures Cynosure uses to mitigate such conflict is involving outside counsel to review and advise on such agreements and provide insights into commercially reasonable terms.

Common Types of Expenses

Expenses that are typically borne by Advisory Clients (or their respective portfolio companies) generally include, certain organizational expenses that are incurred in connection with the formation of the Cynosure-sponsored investment vehicle and the offering of interests in them to potential investors, including but not limited to: legal fees and expenses, including

for preparing offering materials and preparing and negotiating the Governing Documents; and other expenses related to formation of the Cynosure-sponsored investment vehicle.

Additionally, and consistent with its Governing Documents, each Cynosure-sponsored investment vehicle also generally bears all of the expenses relating to its activities, operations, meetings and eventual liquidation, including, without limitation and to the extent provided in the applicable Governing Documents, all out-of-pocket fees, costs and expenses incurred in developing, bidding on, evaluating, negotiating, structuring, obtaining regulatory approvals for, purchasing, trading, settling, monitoring, maintaining custody of, financing, accounting, monitoring, holding and disposing of actual investments (to the extent not reimbursed by an entity in which the Cynosure-sponsored investment vehicle has invested or proposes to invest, or other third parties). Additionally, the Governing Documents of each Cynosure-sponsored investment vehicle generally permit the Cynosure-sponsored investment vehicle, subject to certain limitations, to borrow funds to pay the expenses described above.

Expenses frequently will be incurred by multiple Advisory Clients. Cynosure allocates aggregate costs among the applicable Advisory Clients (and, in certain cases, among Cynosure and applicable Advisory Clients) in accordance with allocation policies and procedures which are reasonably designed to allocate expenses in a fair and reasonable manner over time among such Advisory Clients. However, expense allocation decisions can involve potential conflicts of interest (*e.g.*, an incentive to favor Advisory Clients that pay higher incentive fees, conflicts relating to different expense arrangements with certain Advisory Clients, or allocations of certain in-house personnel expenses). Under its current expense allocation policies, Cynosure generally allocates expenses among Advisory Clients utilizing allocation methods including: applicable rules set forth in fund governing documents, on a pro rata basis based on assets under management, investment cost (and may include available capital), or fair value of investments, number of investors, number of investments, number of funds (or legal entities), fund size, department headcount and compensation, or number of users. Cynosure may, however, use other methods to allocate certain expenses among the Advisory Client if it deems another method more appropriate based on the relative use of a product or service, the nature or source of the product or service, the relative benefits derived by the Advisory Clients from the product or service, or other relevant factors. Nonetheless, the portion of a common expense that Cynosure allocates to an Advisory Client for a particular product or service may not reflect the relative benefit derived by Advisory Client from that product or service in any particular instance. For example, certain expenses may be allocated across all investment vehicles comprising an Advisory Client regardless of whether each investment vehicle is directly incurring the expense. Cynosure's expense allocations often depend on inherently subjective determinations and, accordingly, expense allocations made by Cynosure in good faith will be final and binding on the Advisory Clients. Despite Cynosure's good faith judgment to arrive at a fair and reasonable expense allocation methodology, the use of any particular methodology may lead an Advisory Client to bear relatively more expense in certain instances and relatively less in other instances compared to what an Advisory Client would have borne if a different methodology had been used. However, Cynosure seeks to make allocations that are equitable on an overall basis in its good faith judgment.

Brokerage Expenses

Expenses paid to third parties in connection with the acquisition or disposition of investments are borne by the Advisory Clients. These expenses include brokerage commissions, other account fees, custodial expenses, agent bank and other bank service fees, travel and related expenses and other investment costs, fees, and expenses incurred in connection with completed investments. Brokerage and other transaction costs are also discussed in more detail in Item 12 – "Brokerage Practices".

Broken Deal Expenses

Investors in certain Advisory Clients generally are required to bear out-of-pocket costs and expenses incurred in connection with developing, negotiating and structuring deals that are not ultimately completed. Typically, these expenses include (i) legal, accounting, advisory, consulting or other third party expenses (including, without limitation, amounts payable to Operating Professionals and other third parties) in connection with making an investment that is not ultimately consummated, and any related travel and accommodation expenses (whether incurred by third parties or by Cynosure), although, in some cases, Cynosure and its affiliates may be required to bear travel and accommodation expenses, (ii) all fees (including commitment fees), costs and expenses of lenders, investment banks and other financing sources in connection with arranging financing for a proposed investment that is not ultimately made (including all fees, costs and expenses incurred in connection with the offering of interests in any Cynosure-affiliated investment vehicle formed for co-investors to participate in an Advisory Client's proposed investment that is not ultimately made), (iii) any out of pocket fees, costs and expenses paid to an individual or group pursuing a business plan that is not successfully implemented, (iv) any break-up, reverse break-up, topping, termination and other similar fees payable by an Advisory Client in connection with investments that are not ultimately made and (v) any deposits or down payments of cash or other property which are forfeited in connection with a proposed investment that is not ultimately made (in each case, to the extent such investment is not ultimately made by another Advisory Client). Co-investment vehicles (particularly those formed to invest alongside an Advisory Client fund in a single investment) generally will not share in broken deal expenses. Investing in an Advisory Client does not give investors any rights, entitlements or priority to co-investment opportunities.

Expenses incurred on an aggregate basis for the benefit of multiple Cynosure-sponsored investment vehicles are allocated across the participating Cynosure-sponsored investment vehicles in a manner Cynosure determines to be reasonable and fair to all parties, including allocating costs on a pro rata basis in accordance with assets under management or another metric that is equitable under the circumstances.

Other Fees and Expenses

Advisory Clients are responsible for paying certain fees and other expenses separate and in addition to the fees paid to Cynosure for selecting and monitoring investments (e.g., separately managed accounts with sub-advisor fees, mutual funds (including money market funds for cash management purposes), exchange traded funds ("ETFs") or private alternative asset fund expenses)).

These fees and expenses are disclosed to Advisory Clients more fully in various disclosure documents provided by the sub-advisor, fund manager or other authorized party responsible for each investment Strategy into which a client's assets are allocated.

See Item 10 for additional conflicts of interest disclosures related to fees.

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

Cynosure currently acts as investment adviser to Advisory Clients, and related persons typically act as general partners (or similar managing fiduciaries) with respect to such Advisory Clients. As discussed in Item 5, Cynosure and its affiliates will receive carried interest allocations and management, incentive and other fees in connection with advisory and other services provided to certain Advisory Clients. The relationship of Cynosure, the manner of calculation and application of management fees and carried interest profit allocations, incentive fees or other performance-based fees, as applicable, with respect to Cynosure, the affiliated general partner (or similar managing fiduciary) or other affiliates and known or reasonably anticipated conflicts of interest involving Cynosure or its affiliates, are disclosed in the offering documents of the applicable Advisory Client provided to potential investors prior to their investment.

Each Advisory Client typically has a specified investment objective defined by geography, industry, type of investment, investment strategy, investment size, risk/reward profile, projected hold period and/or other parameters. Investment opportunities that satisfy the investment objective of a particular Advisory Client typically will be allocated to that particular Advisory Client, although may be allocated among multiple Advisory Clients with overlapping investment objectives in accordance with Cynosure's investment allocation policies. Cynosure's investment committee for the relevant Advisory Client has the discretion to construct what, in their business judgment, constitutes an appropriate investment portfolio for that Advisory Client. As such, in determining what they believe to be an appropriate portfolio for a particular Advisory Client, they will often give consideration to factors in addition to those outlined above. As a result, it may not be desirable for an Advisory Client to participate in an investment opportunity or acquire all of an investment opportunity.

In allocating investment opportunities, there could be incentives to favor Advisory Clients with higher potential management or performance fees, incentive fees or carried interest allocations over Advisory Clients with lower potential performance fees, incentive fees or carried interest allocations. Additionally, as described in Item 8, performance fee, incentive fee or carried interest allocations may create an incentive for the general partner (or similar managing fiduciary) of a Cynosure-sponsored investment vehicle advised by Cynosure to make riskier or more speculative investments on behalf of an Advisory Client than would be the case in the absence of this arrangement.

To seek to reduce the effect of such incentives, Cynosure and its affiliates have adopted written policies and procedures pursuant to which they seek to allocate investment opportunities that may be appropriate for more than one Advisory Client in a fair and equitable manner, bearing in mind, among other things, the size, investment objectives, focus, mandate or policies, risk tolerance, return targets, projected hold periods, diversification considerations, permissible and preferred asset classes, and liquidity needs of each Advisory Client. The policies seek to provide consistent treatment of such Advisory Clients with similar investment objectives and guidelines to the extent possible, consistent with legal, regulatory and contractual restrictions. Cynosure's policies prohibit the allocation of investment opportunities based solely on anticipated compensation or profits to Cynosure or any affiliates or their professionals. Each advisory client typically has its own investment guidelines, governing agreements and geographical and industry focus that must be taken into account when making investment allocation determinations.

ITEM 7: TYPES OF CLIENTS

The majority of Cynosure's Advisory Clients are pooled investment vehicles. Cynosure also provides advisory services on a separately managed account basis to, among others, high-net worth individuals and families; trusts, estates, or charitable organizations; corporations and businesses. Typically, a minimum investment amount of \$10 million is imposed on separately managed accounts but can be subject to a reduction upon prior agreement by Cynosure.

Cynosure typically requires that each third-party investor in an Advisory Client be an "accredited investor" as defined in Regulation D under the Securities Act and a "qualified purchaser" as defined in the 1940 Act. Typically, a minimum investment amount is imposed on third parties investing in the investment vehicles for which Cynosure acts as investment adviser. This minimum often is set at \$500,000 – 1 million but can be subject to a reduction upon agreement by Cynosure. A minimum investment amount can also be established pursuant to the laws of the jurisdiction in which the investment vehicle was established.

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

Methods of Analysis and Investment Strategies

Cynosure uses a range of methods to identify, analyze and assess potential and existing investment opportunities, descriptions of which are included in the applicable offering documents and other governing documents. This may include arrangements with affiliated or unaffiliated advisers for the purpose of obtaining analyses that would assist the applicable investment committees in their investment decision-making process. More specific descriptions are provided below regarding the investment strategies and investment processes. As a general matter, analytical methods used by the investment teams can include gain/loss forecast models, cash-flow models, other financial modeling and simulation, risk sensitivity analyses, charting, and fundamental, technical and cyclical analysis.

Cynosure Advisors Wealth Management

In general, Cynosure works with each of its Advisory Clients to develop customized investment strategies based on an analysis of various factors, such as each Advisory Client's investment objectives, tax position, diversification requirements, other assets held, social concerns, risk tolerance, etc.

Once this analysis has been completed, Cynosure constructs a portfolio by allocating assets among various strategies through investments in separately managed accounts with sub-advisors or pooled investment vehicles (including alternative private investment funds). The process for portfolio construction and management involves the following steps:

1. Advisory Client financial objectives and risk tolerances are identified and factored into the analysis. Risk tolerances are determined by the objective capacity and the subjective willingness to take risk.
2. Cynosure begins the portfolio construction process with a thorough understanding of the investment asset classes available. The asset classes constitute the building blocks of a client portfolio.
3. Cynosure performs a statistical analysis to determine "optimized" combinations of various asset classes, with optimization determined by the risk/reward tradeoff (i.e. how much risk is assumed in arriving at a projected level of return).
4. Risk and return projections for various combinations of asset classes are developed by applying various capital market assumptions based on asset class valuations, historical relationships, market risk premiums and the investing environment.
5. To ensure proper diversification and mitigate estimation errors, minimum and maximum allocation constraints are instituted. These constraints are a function of client preferences such as liquidity, growth, cash flows and taxes and the application of prudent judgement.
6. Once a strategic asset allocation is identified, investments are made in an appropriate mix of asset classes, represented by the diverse set of investment strategies.

Overall, strategies fall within four key allocation categories identified as Stable Value, Diversified Income, Public Equity, and Private Equity. Stable Value includes money markets and liquid fixed income, with the attributes of this category encompassing income, risk mitigation and liquidity. Diversified Income includes subcategories referred to as Absolute Income or Opportunistic Income, which is made up of preferred equity, private debt, real estate, natural resources, and infrastructure. Attributes of this category encompass diversification, high cash yield, and inflation protection. Public Equity includes public stock and equity hedge funds, with attributes of this category encompassing high total return with modest income potential, and liquidity. Finally, Private Equity includes buyout, growth and venture capital, with the attributes encompassing high total return with modest income potential.

Cynosure performs ongoing monitoring and rebalancing based on the need to maintain appropriate risk-levels and targeted returns, subject to tax, trading and liquidity considerations.

Clients may also direct Cynosure to construct a portfolio based on a single or limited number of Strategies that is not part of a comprehensive portfolio management program.

Cynosure Partners Alternative Investments

Cynosure primarily seeks to make significant investments in operating companies, with a focus on buyout and growth capital transactions. In a leveraged buyout transaction, Cynosure seeks to (i) acquire a portfolio company with material prospects for growth in value; (ii) potentially finance the acquisition using leverage from debt incurred by such companies or by the Cynosure-sponsored investment vehicle (iii) motivate and incentivize management of such portfolio company in an effort to increase shareholder value; and (iv) sell its interest in the portfolio company when the value of the business has significantly increased. In a growth capital transaction, Cynosure seeks out companies with a high potential for growth, strategic redirection, and operational improvements.

In evaluating a potential portfolio company, Cynosure conducts extensive due diligence to analyze, among other things, the portfolio company's market and competitive position within that market; cost and revenue structures; unique assets, such as brand strength, distribution capability and intellectual property; management team and compensation structure; contingent liabilities (environmental, regulatory, accounting or otherwise); potential growth opportunities; and potential exit strategies.

As it relates to fund allocations and formations, and direct real estate investments, Cynosure seeks strategic partnerships, including forming or seeding new investment products with external managers that bring a complementary expertise to Cynosure.

Risk of Loss

As with any investment strategy, the investment programs developed by Cynosure involve a number of significant risks. The following is a discussion of some of the primary risks; however, it is not possible to identify all of the risks associated with investing, and the particular risks applicable to an Advisory Client's account or Cynosure-sponsored investment vehicle will depend on the nature of the investments chosen.

An investment in any Advisory Client involves a high degree of risk and is suitable only for those investors who have the financial sophistication and expertise to evaluate the merits and risks of an investment in such Advisory Client and for which such Advisory Client does not represent a complete investment program. There can be no assurance that the investment objective or targeted returns of any Advisory Client will be achieved, that any Advisory Client will otherwise be able to successfully carry out its investment program, or that an investor will receive a return of its capital contributed to any Advisory Client. The discussion below enumerates certain, but not all, risk factors that apply generally to an investment in any Advisory Client. In addition, there will be occasions when the general partner of an Advisory Client, Cynosure and/or their respective affiliates encounter potential conflicts of interest in connection with such Advisory Client.

Prior to making any investment in an Advisory Client, investors should carefully review the applicable offering documents for a more complete description of the risk factors and conflicts of interest relating to such Advisory Client.

No Assurance of Investment Return

An investment in an Advisory Client requires a long-term commitment, with no certainty of return. Cynosure cannot provide any assurance whatsoever that it will be able to choose, make and realize investments in any particular company or portfolio of companies for any Advisory Client. There can be no assurance that any Advisory Client will (i) be able to generate returns for its investors or that the returns will be commensurate with the risks of investing in the type of

investments in which such Advisory Client participates or (ii) make any distribution to its investors. Furthermore, distributions to such Advisory Client's investors may be subordinated in the event of a default under any credit facility of such Advisory Client or its related entities. Accordingly, an investment in an Advisory Client should only be considered by persons for whom a speculative, illiquid and long-term investment is an appropriate component of a larger investment program and who can afford a loss of their entire investment. Past activities of investment entities associated with Cynosure or any Advisory Client provides no assurance of future success. **Past performance is not necessarily indicative of future results and all investors should be prepared to lose the value of their investment. There can be no assurance that projected or targeted returns for any Advisory Client will be achieved.**

Lack of Operating History

Each Cynosure-sponsored investment vehicle advised by Cynosure will initially be a newly-formed entity which has not commenced operations and therefore will have no operating history upon which an investor may evaluate its performance. There can be no assurance that any such Cynosure-sponsored investment vehicle will be able to implement its investment strategy and investment approach or achieve its investment objective or that an investor will receive a return of its capital. Past performance of investment entities associated with Cynosure is not necessarily indicative of future results and there can be no assurance that a Cynosure-sponsored investment vehicle will achieve comparable results or that targeted returns will be met. Moreover, each such Cynosure-sponsored vehicle is subject to all of the business risks and uncertainties associated with any new investment vehicle, including the risk that it will not achieve its investment objective and that the value of an interest in such investment vehicle could decline substantially. Accordingly, investors should draw no conclusions from the prior experience of Cynosure, the investment professionals or the performance of any other Cynosure investments and should not expect to achieve similar returns.

General Economic and Market Conditions

The success of an Advisory Client's activities will be affected by the continued economic volatility as well as general economic and market conditions, such as interest rates, availability of credit, credit defaults, inflation rates, economic uncertainty, changes in applicable laws and regulations (including laws relating to taxation of an Advisory Client's investments), trade barriers, currency exchange controls, and national and international political, environmental and socioeconomic circumstances (including wars, terrorist acts or security operations or public health considerations).

Business, Terrorism and Catastrophe Risks.

Clients will be subject to the risk of loss arising from exposure that it may incur, indirectly, due to the occurrence of various events, including hurricanes, earthquakes, and other natural disasters, terrorism and other catastrophic events such as a pandemic. These catastrophic risks of loss can be substantial and could have a material adverse effect on our Firm's business and Clients' portfolios including investments made by Cynosure.

Cybersecurity Breaches, Identity Theft, Privacy Breaches and Other Threats

Recent events have illustrated the ongoing cybersecurity risks to which operating companies are subject. 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 may 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 may be the subject of civil litigation or regulatory or other action. The use of internet- or cloud-based programs, technologies and data storage applications generally heightens these risks. Any of such circumstances could subject a portfolio company, or the relevant Cynosure-sponsored investment vehicle, to substantial losses, including losses relating to:

misappropriation of assets, intellectual property or confidential information; corruption, deletion or destruction of data; physical damage and repairs to systems; reputational harm; financial losses from remedial actions; and/or disruption of operations. Third parties, including activist, criminal, nation-state or terrorist actors, may also attempt fraudulently to induce portfolio companies or their personnel to disclose sensitive information (including passwords) in order to gain access to data, accounts, funds or other assets, or otherwise to inflict harm. In addition, in the event that such a cyber-attack or other unauthorized access is directed at Cynosure or one of its service providers holding its financial or limited partner data, Cynosure, its affiliates or the Cynosure-sponsored investment vehicles may also be at risk of loss, despite efforts to prevent and mitigate such risks under Cynosure's policies.

Because employees and contractors may introduce vulnerabilities in systems if they are the target of "phishing," social engineering or other attacks through the firm's email systems, Cynosure has implemented a security awareness training program. The objective of this program is to inform Cynosure personnel of their responsibility for information security and includes online training, live training and phishing simulations.

Pandemic Risk

Currently, there is an ongoing outbreak of a novel and highly contagious form of coronavirus ("COVID-19"), which the World Health Organization formally declared in March 2020 to constitute a global "pandemic." This outbreak has caused a worldwide public health emergency, straining healthcare resources and resulting in extensive and growing numbers of infections, hospitalizations and deaths. In an effort to contain COVID-19, national, regional and local governments, as well as private businesses and other organizations, have taken severely restrictive measures, including instituting local and regional quarantines, restricting travel (including closing certain international borders), prohibiting public activity (including "stay-at-home" and similar orders), and ordering the closure of large numbers of offices, businesses, schools, and other public venues. In many jurisdictions, restrictive measures have been re-imposed to address subsequent waves of infection. As a result, COVID-19 has significantly diminished global economic production and activity of all kinds and has contributed to both volatility and a severe decline in all financial markets. Among other things, these unprecedented developments have resulted in material reductions in demand across most categories of consumers and businesses, dislocation (or in some cases a complete halt) in the credit and capital markets, labor force and operational disruptions, slowing or complete idling of certain supply chains and manufacturing activity, steep increases in unemployment levels in the United States and several other countries, and strain and uncertainty for businesses and households, with a particularly acute impact on industries dependent on travel and public accessibility, such as transportation, hospitality, tourism, retail, sports and entertainment. The ultimate impact of COVID-19 — and any resulting decline in economic and commercial activity — on global economic conditions, and on the operations, financial condition and performance of any particular industry or business, is impossible to predict, although ongoing and potential additional materially adverse effects, including a further global or regional economic downturn (including a recession) of indeterminate duration and severity, are possible.

Common Risks Associated with Investing in Securities Generally

Investments in securities may be subject to a number of risks, including the following:

- *Current Market Conditions.* In recent years, global debt and equity markets have experienced increased volatility and turmoil, which can adversely affect a portfolio.
- *Liquidity in Financial Markets.* The financial markets in the U.S. and elsewhere have experienced a variety of difficulties and changed economic conditions, which could adversely affect the value of a portfolio's assets.
- *Government Intervention and Market Disruptions.* The global financial markets have undergone fundamental disruptions that have led to extensive and unprecedented government intervention that could prove detrimental to the efficient functioning of the markets and adversely affect a portfolio.

Common Risks Associated with Equity Investments

Investments in equity securities may be subject to a number of specific risks, including the following:

- *Equity Securities.* Equity securities (stocks) held in a portfolio may decrease in response to activities of companies or market and economic conditions.
- *Growth Stocks.* Growth stocks may be more sensitive to market movements because their prices tend to more heavily reflect future investor expectations rather than just current profits. They may also underperform value stocks during given periods.
- *Value Stocks.* Value stocks may perform differently from the market as a whole and may be undervalued by the market for a long period of time. They may also underperform growth stocks during given periods.
- *Small-Capitalization Companies.* Small cap stocks may exhibit erratic earnings patterns, competitive conditions, limited earnings history, and a reliance on one or a limited number of products.
- *Initial Public Offerings.* Initial public offerings (IPOs) are subject to high volatility and limited availability.
- *Private Placements.* Private placements may be classified as illiquid and be difficult to value.
- *Derivative Securities.* Derivatives may be difficult to value, may be illiquid and may be subject to wide swings in valuation caused by changes in value of the underlying security. The use of derivatives can result in losses in a portfolio that substantially exceed the initial amount paid or received from the investment.

Common Risks Associated with Non-U.S. Investments

In addition to the risks associated with investing in equity securities described above, investments in non-U.S. securities can expose clients to certain additional risks, including the following:

- *Foreign Markets.* Foreign markets are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, or economic developments.
- *Foreign Securities.* Foreign securities are subject to interest rate, currency exchange rate, economic, and political risks, all of which are magnified in emerging markets.
- *Foreign Currency Markets.* Investments in foreign securities expose a portfolio to fluctuations in currency exchange rates, which may adversely affect the value of investments in foreign securities held in a portfolio.
- *Emerging Markets.* Securities traded in certain emerging markets may be subject to risks due to the inexperience of financial intermediaries, the lack of modern technology, the lack of a sufficient capital base to expand business operations, and the possibility of temporary or permanent termination of trading. Political and economic structures in many emerging markets may be undergoing significant evolution and rapid development, and emerging markets may lack the social, political and economic stability characteristics of more developed countries.

Common Risks Associated with Fixed Income Investments

Investments in fixed income securities can expose clients to certain specific risks such as the following:

- *Credit Risk.* Fixed income securities (bonds) are subject to the risk that the bond issuers may not be able to meet interest or principal payments when the bonds come due.
- *Below Investment Grade Rated Securities.* Below investment grade bonds are subject to a higher probability that the issuers may not be able to meet payment of interest or principal on a timely basis or at all. These securities also may be less liquid than investment grade securities and experience higher price volatility. It may not be possible to sell these securities at the desired price and within a given time period.
- *Interest Rates.* Interest rates may adversely affect the value of an investment. An increase in interest rates typically causes the value of bonds and other fixed income securities to fall. Interest rates continue to be at historic lows.

Investments with longer maturities, which typically provide higher yields than securities with shorter maturities, may subject a portfolio to increased price changes resulting from market yield fluctuations.

- *Income Risk.* The income received by a portfolio may decrease as a result of a decline in interest rates.
- *Prepayment Risk.* There is a risk of prepayment in mortgage- and asset-backed securities. This risk arises when market interest rates are below the interest rates charged on the loans that comprise the securities. Elevated prepayment activity may result in losses in these securities.
- *Liquidity Risk.* Investments that trade less can be more difficult or more costly to buy, or to sell, than more liquid or active investments. It may not be possible to sell or otherwise dispose of illiquid securities both at the price and within a time period deemed desirable. Securities subject to liquidity risk include emerging market securities, Rule 144A securities, below investment grade securities and other securities without an established market.
- *Foreign Investments.* Foreign investments often involve additional risks, including political instability, differences in financial reporting standards and less stringent regulation of securities markets.
- *Derivative Securities.* Derivatives may be difficult to value, may be illiquid and may be subject to wide swings in valuation caused by changes in value of the underlying security. The use of derivatives can result in losses that substantially exceed the initial amount paid or received.
- *Rule 144A Securities.* Rule 144A securities are not registered for resale in the general securities market and may be less liquid than registered securities.

Common Risks Associated with Alternative Investments.

Investments in alternative investment strategies (such as private equity, private debt, hedge fund, real asset and dynamic allocation strategies) can expose clients to certain specific risks associated with the following:

- *Derivative Securities.* Derivatives may be difficult to value, may be illiquid and may be subject to wide swings in valuation caused by changes in value of the underlying security. The use of derivatives can result in losses that substantially exceed the initial amount paid or received.
- *Short Sales.* A short sale involves the risk of a theoretically unlimited increase in the market price of a security sold short, which could result in an inability to cover the short position and a theoretically unlimited loss.
- *High Yield Securities.* High yield securities are rated in the lower rating categories by the various credit agencies and are subject to greater risk of loss of principal and interest than higher rated securities. High yield securities generally are considered predominantly speculative with respect to the issuer's capacity to pay interest and repay principal.
- *Options.* Purchasing options involves the risk that the underlying instrument will not change price in the manner expected, so an investor loses their premium. Selling options involves potentially greater risk because the investor is exposed to the extent of the actual price movement in the underlying security, which could result in a potentially unlimited loss.
- *Foreign Securities.* Foreign securities are subject to interest rate, currency exchange rate, economic, and political risks, all of which are magnified in emerging markets.
- *Foreign Currency Markets.* Investments in foreign securities expose a portfolio to fluctuations in currency exchange rates, which may adversely affect the value of investments in foreign securities held in a portfolio.
- *Currency Risks.* Investments denominated in a foreign currency are subject to the risk that the value of a particular currency will change in relation to one or more currencies.
- *Interest Rates.* Interest rates may adversely affect the value of an investment. An increase in interest rates typically causes the value of bonds and other fixed income securities to fall.
- *Leverage.* The use of borrowing (leverage) exposes an investor to additional levels of risk including greater losses from investments than would otherwise have been the case without borrowing; margin calls or changes in margin

requirements may force premature liquidations of investments; and losses on investments where the investment fails to earn a return that equals or exceeds the cost of the leverage.

- *Lack of Diversification.* Alternative investment funds may not generally be as diversified as other investment vehicles. Accordingly, such investments may be subject to more rapid change in value than would be the case if the funds were required to maintain a wide diversification among types of securities, geographical areas, issuers and industries.
- *Event-Driven Trading.* Event-driven trading involves the risk that the event identified may not occur as anticipated or may not have the anticipated effect, which may result in a negative impact upon the market price of securities held in the portfolio.
- *Liquidity.* A portfolio's assets may, at any given time, include securities and other financial instruments or obligations that are thinly traded or for which no market exists and/or which are restricted as to their transferability under applicable securities laws. The sale of any such investments may be possible only at substantial discounts, and it may be extremely difficult to value accurately any such investments.

Alternative Investments and Portfolio Solutions Risks

Instability in the securities markets and economic conditions generally also increase the risks inherent in private equity investments. The ability to realize investments depends not only on portfolio companies and their historical results and prospects, but also on political, market and economic conditions at the time of such realizations. Continued or renewed volatility in the financial sector may have a material adverse effect on the ability of an Advisory Client to buy, sell and partially dispose of its portfolio company investments. Many private equity funds look to the public securities markets as a potential exit strategy, and there can be no assurance that an Advisory Client will be able to exit from its investments in portfolio companies by listing its shares on securities exchanges, particularly in markets still experiencing significant volatility or illiquidity. It is possible that the trading market, if any, for the securities of any portfolio company will not be sufficiently liquid to enable an Advisory Client to sell these securities when Cynosure believes it is most advantageous to do so or at prices that Cynosure believes reflect the fair value of such investments, or without adversely affecting the stock price. The ability of portfolio companies to refinance debt securities will typically depend on their ability to sell new securities in the public high-yield debt market or otherwise. There can be no assurance as to the market's liquidity and volatility.

Highly Competitive Market for Investment Opportunities

Cynosure expects to encounter competition in pursuing investment opportunities from entities pursuing similar investment objectives. Potential competitors include other investment funds, business development companies and other financial investors investing directly or through affiliates. Certain of these entities possess competitive advantages in pursuing investment opportunities, including greater financial, technical, marketing and other resources, higher risk tolerances, different risk assessments, lower return thresholds, lower cost of capital and access to funding sources unavailable to an Advisory Client. In addition, a substantial number of private investment funds exist, many substantial in size, which creates a significant amount of capital available for investment in such opportunities.

Potential Lack of Diversification

While an Advisory Client may seek to diversify its portfolio holdings, there is no assurance as to the degree of diversification that will actually be achieved. Furthermore, because an Advisory Client may invest a substantial portion of its capital in a single portfolio company or asset, a loss with respect to any single portfolio investment could have a significant adverse effect on returns. Even if an Advisory Client achieves significant diversification, such diversification will not necessarily provide meaningful risk control, and would reduce the profit potential if certain investments were unprofitable while others are profitable.

Reliance on Cynosure

The success of each Advisory Client will depend in part upon the skill and expertise of Cynosure's investment professionals and, where applicable, the management of portfolio companies or other investments. There can be no assurance that such professionals will continue to be associated with Cynosure throughout the life of any Advisory Client, and a loss of the services of key personnel could impair Cynosure's ability to provide services to Clients. In addition, members of the investment team of a particular Advisory Client will work on other projects for Cynosure and, therefore, conflicts may arise in the allocation of such individuals' time.

Reliance on Portfolio Company Management

Each portfolio company's day-to-day operations will be the responsibility of such company's management team. Although Cynosure will be responsible for monitoring the performance of each investment, there can be no assurance that the existing management team, or any successor, will be able to successfully operate a portfolio company in accordance with the investment objectives of the Advisory Client.

Extensive Government Regulation

A portfolio company 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. There can be no assurance that a portfolio company will be able to: (i) obtain all required regulatory approvals that it does not yet have or that it may require in the future; (ii) obtain any necessary modifications to existing regulatory approvals; or (iii) maintain required regulatory approvals.

Tax Considerations

Cynosure expects each Advisory Client to be subject to income or withholding taxes in various jurisdictions in which it conducts investment activities. The rate of any withholding taxes and the creditability of such foreign taxes typically depend in part on the facts and circumstances relating to the particular investment and generally would differ for each investment. Cynosure will take positions with respect to certain tax issues that depend on legal and other interpretive conclusions.

Legal or Legislative Risk

Legislative changes or court rulings may impact the value of investments or the securities' claim on the issuer's assets and finances.

Increased Regulatory Scrutiny

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

Uncertainty Regarding Investments

Cynosure seeks to conduct reasonable and appropriate analysis and due diligence of its investments based on the facts and circumstances applicable to each investment. The objective of such analysis and due diligence is to identify attractive

investment opportunities based on the facts and circumstances surrounding an investment, to identify possible risks associated with that investment and to prepare a framework that may be used from the date of an acquisition to drive operational achievement and value creation. When conducting due diligence and making an assessment regarding an investment or portfolio transaction, Cynosure relies on available resources, including information provided by the target of the investment and, in some circumstances, third-party investigations. As a result, the due diligence process may at times be subjective. Accordingly, Cynosure cannot be certain that due diligence investigations with respect to any investment opportunity or portfolio transaction will reveal or highlight all relevant facts (including fraud) that may be necessary or helpful in evaluating such investment opportunity or portfolio transaction, including the existence of contingent liabilities.

Cynosure will generally establish the capital structure of an investment and the terms and targeted returns of such investment on the basis of financial, macroeconomic, and other applicable projections. Projected operating results will normally be based primarily on investment professional judgments or third-party advice and reports. In all cases, projections are only estimates of future results that are based on assumptions made at the time that the projections are developed. There can be no assurance that the projected results will be achieved, and actual results may vary significantly from the projections. General economic, natural, and other conditions, which are not predictable, can have an adverse impact on the reliability of such projections. Assumptions or projections about asset lives; the stability, growth, or predictability of costs, demand, or revenues generated by an investment or other factors associated therewith may, due to various risks and uncertainties including those described herein, differ materially from actual results.

Non-U.S. Investments

For an Advisory Client that invests outside of the United States, such investments involve certain factors not typically associated with investing in the United States, including risks relating to trade balances and imbalances and related economic policies; potential price volatility in, and relative illiquidity of, some non-U.S. securities markets; unfavorable currency exchange rate fluctuations; imposition of exchange control regulation by the U.S. or foreign governments; U.S., foreign or other withholding taxes; limitations on the removal of funds or other assets; policies of governments with respect to possible nationalization of their industries; and political difficulties, including expropriation of assets, confiscatory taxation and economic or political instability in foreign nations.

Laws and regulations of foreign countries may impose restrictions that would not exist in the United States and may require financing and structuring alternatives that differ significantly from those customarily used in the United States. There is generally less publicly available information about certain foreign companies than would be the case for comparable companies in the United States, and certain foreign companies are not subject to accounting, auditing and financial reporting standards and requirements comparable to, or as uniform as, those of U.S. companies. Some countries require governmental approval prior to investments by foreign persons, limit the amount of investment by foreign persons in a particular company or restrict investment by foreign persons to a specific class of securities of a company that have less advantageous terms than the classes available for purchase by nationals. Certain countries require governmental approval for the repatriation of investment income, capital or the proceeds of sales of securities by foreign investors. An Advisory Client could be adversely affected by delays in, or a refusal to grant, any required governmental approval for repatriation of capital or earnings, as well as by the application to the Advisory Client of restrictions on investments. In addition, because investments in other countries will likely be denominated in the currencies of such countries, a change in the value of these currencies against the U.S. dollar will result in a corresponding change in the U.S. dollar value of an Advisory Client's assets denominated in those currencies.

Illiquid and Long-term Investments

Investment in a Cynosure-sponsored investment vehicle may require a long-term commitment with no certainty of return of capital. Investments made by Advisory Clients will in general be highly illiquid, and there can be no assurance that an Advisory Client will be able to realize on such investments in a timely manner. Although some investments may generate current income, the return of capital and realization of gain, if any, from some investments will occur only upon the partial or complete disposition or refinancing of such investment.

Hedging

In connection with certain investments, an Advisory Client may employ hedging techniques designed to reduce the risk of adverse movements in interest rates, securities prices, and currency exchange rates. While an Advisory Client may benefit from the use of these hedging mechanisms, unanticipated changes in interest rates, securities prices, or currency exchange rates, or the transactional fees associated with such mechanisms may result in a poorer overall performance for such Advisory Client than if it had not entered into such hedging transactions.

Nature of Fund Investments; Risk of Single Investments

The Cynosure-sponsored investment vehicles can make single investments in companies, which may include underperforming, leveraged, or financially stressed or distressed companies. Such investments will necessarily have significant risks as a result of business, financial or legal uncertainties. There can be no assurance that the nature and magnitude of the various factors that could affect the value of such investments will be evaluated correctly. In addition, certain portfolio companies of the Cynosure-sponsored investment vehicle's investments may be in businesses with little or no operating history.

Limited Regulatory Oversight

Notwithstanding that Cynosure is registered as an investment adviser with the SEC, the Cynosure-sponsored investment vehicles are not required and do not intend to register as investment companies under the Investment Company Act and, accordingly, investors in such vehicles are not afforded the protections of the Investment Company Act.

Diverse Investor Group

Investors in a Cynosure-sponsored investment vehicle may have conflicting investment, tax and other interests with respect to their investments. Therefore, conflicts of interest may arise in connection with decisions made by the managing member (or similar managing fiduciary) or investment adviser of such investment vehicle, including with respect to the nature or structuring of investments, that may be more beneficial for one investor than for another investor, especially with respect to limited partners' individual tax situations.

Limited Access to Information

Investors' rights to information regarding a Cynosure-sponsored investment vehicle will be specified, and strictly limited, in the Governing Documents of such Advisory Client.

No Market for Interests: Restrictions on Transfers

Interests in Cynosure-sponsored investment vehicles have not been registered under the Securities Act, or applicable securities laws of any U.S. state or the securities laws of any other jurisdiction and, therefore, cannot be resold unless they are subsequently registered under the Securities Act and any other applicable securities laws or an exemption from such registration is available. There is no public market for the interests in such investment vehicles and one is not expected to develop. An investor will not be permitted to directly or indirectly assign, sell, pledge, exchange, or transfer any of its interests or any of its rights or obligations with respect to its interests without the prior written consent of the managing

member (or similar managing fiduciary) of the Advisory Client in question, which consent may be given or withheld in accordance with the Governing Documents.

Risks in Effecting Operating Improvements

In some cases, the success of an investment strategy will depend, in part, on the ability to restructure and effect improvements in the operations of a portfolio company. There can be no assurance that Cynosure will be able to successfully identify and implement such restructuring programs and improvements.

Investments in Highly Leveraged Companies; Use of Leverage

While investments in leveraged companies offer the opportunity for capital appreciation, such investments also involve a higher degree of risk. Advisory Clients' investments and portfolio transactions involve varying degrees of leverage, which could magnify the impact of circumstances such as unfavorable market or economic conditions, operating problems, and other changes that affect the relevant portfolio company or its industry, resulting in a more pronounced effect of such circumstances on the profitability or prospects of such companies.

Risk of Investments in Less Established Companies

From time to time, an Advisory Client may invest all or a portion of its assets in, or a portfolio company of an Advisory Client may acquire, less established companies. Investments in such companies may involve greater risks than are generally associated with investments in more established companies. To the extent there is any public market for the securities held by an Advisory Client, such securities may be subject to more abrupt and erratic market price movements than those of larger, more established companies. Less established companies tend to have lower capitalizations and fewer resources, and therefore are often more vulnerable to financial failure. Such companies also may have shorter operating histories on which to judge future performance and in many cases, if operating, will have negative cash flow.

Third-Party Management Risk

With respect to investments involving underlying funds, Cynosure will generally not have an active role in the day-to-day management of the underlying funds or the ability to direct the specific investment decisions made by the managers of the underlying funds. The failure of such unrelated investment managers to make profitable investments may have a negative impact on an Advisory Client's ability to achieve its investment goals. Additionally, the success of an underlying fund will to a great degree rely on the skill and experience of the managers of the underlying funds and their ability to manage a franchise successfully, generate attractive returns, and retain key talent. Managers of underlying funds are likely to rely on a limited number of "key personnel," the departure of which could adversely affect the performance of the underlying fund.

Other Special Risks

Additional special risks apply to certain private investments, which will be outlined in the applicable Governing Documents.

ITEM 9: DISCIPLINARY INFORMATION

Neither Cynosure or any of its respective professionals have been the subject of any legal or disciplinary matter of an investment-related nature that would be material to an existing or prospective Advisory Client's evaluation of Cynosure's advisory business or the integrity of its management.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Cynosure is the manager of two pooled investment vehicles which jointly own a minority interest in Avalon Investment and Advisory, LLC (“Avalon”), a registered investment advisor registered with the SEC (SEC File No. 801-60244). Avalon serves as a sub-advisor to certain Advisory Clients of Cynosure. Cynosure allocates some of its Advisory Client’s assets, where appropriate, to investment strategies managed by Avalon. This creates a conflict of interest as Cynosure and Avalon both receive management fees on the assets allocated to strategies managed by Avalon. This conflict is mitigated through disclosure to clients, a continual disciplined approach to assessing the Advisory Client’s investment objectives and risk tolerance, and ensuring the Advisory Client has reviewed the appropriate documents before investing.

Additionally, Cynosure serves as a sub-advisor to Avalon in the administration of certain alternative investments. This creates a conflict of interest as Cynosure and Avalon both receive management fees on the assets allocated to certain alternative investments managed by Cynosure. These conflicts are mitigated through the adoption of an allocations policy, disclosure to Advisory Clients, and ensuring the Advisory Client has reviewed the appropriate documents before investing.

Avalon is also affiliated with Avalon Wealth Management, LLC, a limited purpose broker dealer that is registered with the SEC (SEC No. 8-69066) and is a member of the Financial Industry Regulatory Authority.

Cynosure has a 50 percent interest in 4C GPS GP I, LLC, which is the general partner of 4C GPS I, LP, 4C GPS II, LP, and 4C GPS III, LP, three private funds that own an interest in GPS Hospitality. The remaining 50 percent interest in 4C GPS GP I, LLC is owned by 4612 Group, LLC, an Exempt Reporting Advisor (SEC File No. 802-110038) headquartered in Atlanta, Georgia. Cynosure Partners 2020 GP, LLC is the general partner to certain private fund offerings of Cynosure.

Neither Cynosure, nor any of its members of the Firm’s senior management team is registered as a broker-dealer, or as a registered representative of a broker-dealer, nor is there any present intention to do so. Likewise, neither Cynosure, nor any of its members of the Firm’s personnel is registered as a futures commission merchant, commodity pool operator, commodity trading advisor or as an associated person of any such entities, nor is there any present intention to do.

Related General Partners/Managing Members

Cynosure is under common control with several general partners/managing members of Cynosure-sponsored investment vehicles. Cynosure, either directly or indirectly, enters into investment advisory agreements to provide all investment advisory services regulated by the Advisers Act to certain Cynosure-sponsored investment vehicles.

Other Activities and Relationships

The employees of Cynosure and its affiliates may serve on the boards of directors of portfolio companies of Advisory Clients. Serving in such capacity may give rise to conflicts to the extent that an employee’s fiduciary duties to a portfolio company as a director may conflict with the interests of an Advisory Client.

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

Code of Ethics

Cynosure has established and approved a Code of Ethics that sets forth standards of ethical conduct for employees and is designed to address and avoid potential conflicts of interest as required under Rule 204A-1 of the Advisers Act. Among other things, the Code of Ethics prescribes standards for dealing with clients ethically, addresses conflicts of interest issues, and supplements personal trading and operating procedures, including Cynosure’s Policies and Procedures regarding Material, Non-Public Information and the prevention of Insider Trading. The Code of Ethics provides guidance in specific

areas, including but not limited to, confidentiality of Cynosure information, personal investments, gifts and entertainment, protection of persons who engage in “whistle blowing” activities from retaliation and personal political activities. This Code of Ethics is available to Advisory Clients, investors or prospective clients or investors by writing to Cynosure Management, LLC, 111 S. Main Street, Suite 2350, Salt Lake City, UT, 84111, Attn: Investor Relations.

Misuse of Nonpublic Information:

Cynosure and its supervised persons may, from time to time, come into possession of material nonpublic and other confidential information which, if disclosed, might affect an investor’s decision to buy, sell or hold a security. Under applicable law, Cynosure and its supervised persons are prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any other person, even if such other person is an Advisory Client. Accordingly, should Cynosure or its supervised persons come into possession of material nonpublic or other confidential information with respect to any company, it may be prohibited from communicating such information to, or using such information for the benefit of, its clients, and have no obligation or responsibility to disclose such information to, nor responsibility to use such information for the benefit of, its clients or Cynosure personnel when following policies and procedures designed to comply with law.

Cynosure has adopted as a part of the Code a “Policy Statement on Insider Trading” which establishes procedures to prevent the misuse of material nonpublic information by the Firm’s supervised persons. Among other things, Cynosure maintains a “restricted list” of securities in which the Firm may not trade because the Firm or its personnel may be in possession of material non-public information concerning the issuer. In addition, Cynosure requires that all personnel must read, sign and adhere to the Firm’s policy on insider trading.

Personal Securities Trading:

Cynosure requires its personnel to pre-clear all personal trades in securities transactions, an initial public offering or a private placement. In addition, employees are required to submit quarterly reports of their personal transactions in any reportable securities accounts within 30 days of the end of each calendar quarter to the CCO or designee. Employees also must report all securities holdings in reportable accounts to the CCO or her designee initially upon commencement of employment and annually thereafter. These are reviewed by the CCO to ensure compliance with the Firm’s policies.

Principal Transactions

Cynosure, as investment manager, or an affiliate in limited circumstances engages in principal transactions (*i.e.*, transactions in which Cynosure or an affiliate is deemed to be acting for its own account by buying a security from, or selling a security to, an Advisory Client). These transactions introduce a potential conflict of interest between its own interests and those of the Advisory Client.

Cynosure has established policies and procedures to comply with the Advisers Act when engaging in principal transactions with Advisory Clients. Additionally, investment guidelines and an Advisory Client’s charter documents may limit principal transactions on a more restrictive basis than the Advisers Act. In general, Cynosure avoids secondary market transactions.

Fund Notice and Consent

Details of any such transaction typically are disclosed in the offering documents of an Advisory Client. In other cases, principal transactions may occur after an Advisory Client has held an initial closing. In those cases, either the Advisory Client or an independent representative of the Advisory Client must receive notice of the transaction and consent to the transaction prior to Cynosure or an affiliate settling the principal transaction.

Separate Account Notice and Consent

In the case of an Advisory Client that is a separately managed account, Cynosure will notify the Advisory Client itself or a duly appointed, independent representative of the Advisory Client to obtain consent for any principal transaction.

Other Notice and Consent Considerations

In general, Cynosure will not engage in principal transactions with accounts of a retirement plan subject to ERISA unless approved by Cynosure's General Counsel, Chief Compliance Officer, and, if necessary, competent ERISA counsel.

Cross Transactions

Cynosure from time to time allows Advisory Clients to engage in cross transactions, which occur when a transaction is effected directly between two or more of Cynosure's Advisory Clients.

Cross transactions may benefit advisory clients because they can avoid certain transaction fees. They also create conflicts of interest because, by not exposing buy and sell transactions to market forces, advisory clients may not receive the benefits of best price, or, an adviser might seek to prop up the performance of one advisory client by selling underperforming assets to another advisory client in order, for example, to earn higher fees.

Cynosure has established policies and procedures that address permissible cross transactions. Subject to the terms of the Advisory Client's organizational documents (which may exclude certain follow-on investments and other transactions from any applicable consent requirements): (i) notice must be provided to each Advisory Client or an independent representative of each such Advisory Client prior to proceeding with the cross transaction; (ii) if an Investor Advisory Committee of a particular Advisory Client has been established under the Advisory Client's charter and organizational documents, it must provide consent (generally by majority of the Investor Advisory Committee's members) prior to engaging in such cross transaction; and (iii) records of such notices and consents must be maintained as part of Cynosure's books and records.

Typically, the governing agreements for each of the Advisory Clients address permissible cross transactions. In the case of a separately managed account, the investment management agreement or similar documentation addresses cross transactions.

ERISA accounts generally will not participate in cross trades absent the written consent of Cynosure's Chief Compliance Officer, General Counsel, and/or competent ERISA counsel.

Financial Interests in Advisory Client Recommendations

As described in more detail in Item 5 – "Fees and Compensation", in addition to management fees payable, incentive fees payable and carried interest allocable to Cynosure and its affiliates, with regards to certain Advisory Clients, Cynosure and its affiliates receive acquisition, monitoring, disposition and certain other fees with respect to advisory and related services provided in connection with investments by Advisory Clients.

Cynosure generally has a conflict of interest to the extent that it has an opportunity to earn such a fee in connection with investments by Advisory Clients. However, Cynosure believes that applicable management fee offset provisions described in Item 5 and the substantial equity commitment by Cynosure and its affiliates in Advisory Clients substantially mitigates this incentive. Any fees paid to Cynosure by a portfolio company or an Advisory Client are generally assessed on an arm's-length basis and generally on terms that are no less favorable to the Advisory Client or portfolio company than would be obtained in a transaction with an unaffiliated party. Accordingly, the agreements pursuant to which such fees are paid typically are not required to be reviewed by the Investor Advisory Committee or the investors of the participating Advisory Clients. Cynosure's policies prohibit the allocation of investment opportunities based on anticipated compensation or profits to Cynosure, Cynosure, any affiliates or their professionals.

Further, Cynosure may recommend the securities or loan instruments of portfolio companies for acquisition by an Advisory Client where Cynosure, its affiliates (including a portfolio company of a different Advisory Client), or a Cynosure professional renders services to, engages in transactions with, or has a business relationship with (*i.e.*, board seat), and receives fees from, the portfolio company.

Allocation of Investments

When allocating investment opportunities across Advisory Clients, there could be differences in the financial structure of the Advisory Clients potentially participating in the opportunity that could introduce an incentive for Cynosure to favor one Advisory Client over another.

Company Procedures

Cynosure has established allocation policies and procedures addressing Cynosure's duties to allocate investment opportunities among Advisory Clients in a fair and equitable manner. Most investment opportunities that satisfy the investment parameters of a particular Advisory Client will be allocated to that particular Advisory Client. In certain cases, however, an investment opportunity may be appropriate for more than one Advisory Client. Any such allocation decisions are initially raised with the investment committee of the relevant Advisory Client that originated the investment opportunity. That particular investment committee, together with the Conflicts Committee, will review the opportunity to determine if an allocation to any other Advisory Client may be appropriate in the first instance, taking into account, among other things, whether the investment satisfies each of the relevant Advisory Client's investment objectives and the Advisory Client's expected allocation based on its available capital commitments. If an investment opportunity will be allocated (which may include an allocation of 100% of such opportunity to a single Advisory Client), Cynosure will, to the extent practicable, determine in good faith that the allocation is fair and reasonable taking into account the relevant facts and circumstances Cynosure deems relevant, as well as parameters of the governing documents of the Cynosure-sponsored investment vehicle advised by Cynosure (or investment management agreement in the case of a separately managed account), the sourcing of the transaction, the nature of the investment objective, mandate or policies, results of underwriting analyses, including projected returns and target hold period for each investment, the relative amounts of capital available for investment, the nature and extent of involvement in the transaction on the part of the respective teams of investment professionals for each such Advisory Client and other considerations deemed relevant by Cynosure in good faith. In certain situations, multiple Advisory Clients will invest side-by-side and investment opportunities will be allocated between such Advisory Clients using a formula-based approach. In other situations, participation of multiple Advisory Clients in a single transaction may require consent of the Investor Advisory Committee or the investors of the participating Advisory Clients (or duly appointed representative in the case of a separately managed account). Allocation decisions are periodically reviewed to determine the reasonableness and fairness of the allocation decisions. Final allocation decisions will generally align with the allocation of costs and expenses related to the diligence and structuring of and ongoing supervision of an investment opportunity; however, in certain situations, there may be costs such as diligence costs that are allocated to Advisory Clients that considered an investment opportunity but ultimately decided to not pursue such investment opportunity. Cynosure's policies prohibit the allocation of investment opportunities based on anticipated compensation or profits to Cynosure, Cynosure, any affiliates or their professionals.

Cynosure may (but is generally not required to) give investors in an Advisory Client or third parties who are not investors in an Advisory Client the opportunity to co-invest in a particular investment, including where Cynosure determines a portion of the equity required would unreasonably limit diversification of the Advisory Client. Co-investment offers of participation are made in Cynosure's sole discretion and Cynosure may use any criteria it deems fit when determining which persons to offer such opportunities to, including to investors that are expected to or currently hold significant capital commitments to Advisory Clients. Investors in Advisory Clients are not entitled to be offered any co-investment opportunity by virtue of their investment in a particular Advisory Client.

To the extent an investment opportunity is rejected by the investment committee of a general partner of an Advisory Client, Cynosure, such general partner and its affiliates may not be restricted from pursuing such opportunity outside of the Advisory Client's investment program. In such a circumstance, Cynosure may allocate such an opportunity to another Cynosure investment fund and/or managed account or to one or more entities established for the benefit of, or otherwise controlled by, one or more senior executives of Cynosure and/or their family members.

Possession of Material, Non-Public Information and other Trading Restrictions

Cynosure espouses a management philosophy of collaboration and information sharing among investment professionals to create a unified network. Cynosure, its affiliates, and their professionals may come into contact with material, non-public information in connection with their activities for Cynosure, or its affiliates. Cynosure has established policies and procedures intended to prevent the abuse of material, non-public information, which includes procedures for, among other things, the use and maintenance of restricted trading lists. Under no circumstances may a professional trade in a security while in possession of material, non-public information about that security for his or her own account, the accounts of certain family members or the account of an Advisory Client.

Other Potential Conflicts

The legal and/or organizational documents of an Advisory Client, the investment management agreement between Cynosure (or an affiliate) and the Advisory Client or the agreements in respect of the portfolio investments establish complex arrangements among the parties, including between investors and Advisory Clients. Questions may arise from time to time under these agreements regarding the parties' rights and obligations in certain situations, many of which may not have been contemplated at the time of the agreements' drafting and execution. In these instances, the operative provisions of the agreements, if any, may be broad, general, ambiguous or conflicting, and may permit more than one reasonable interpretation. At times there may not be a provision directly applicable to the situation. While Cynosure will construe the relevant agreements in good faith and in a manner consistent with its legal obligations, the interpretations adopted may not be, and need not be, the interpretations that are the most favorable to an Advisory Client. The firm has established a Conflicts Committee with the explicit purpose of mitigating and/or where possible resolving conflicts impacting Cynosure's investors and the firm itself.

Side Letters

Cynosure and its related entities routinely enter into side letter agreements with certain investors in a Cynosure-sponsored investment vehicle, or establish separate accounts, providing such investors with customized terms, which often results in preferential treatment, with respect to, among other things, the fee structure, including reduced advisory fees or performance-based compensation; the offering of co-investment opportunities; the ability to opt out of certain types of investments; the reporting obligations of the Cynosure-sponsored investment vehicle; consent rights with respect to certain amendments to documents that govern their rights and obligations and those of the Cynosure-sponsored investment vehicle; the right to transfer interests in the Cynosure-sponsored investment vehicle; the right to withdraw from the Cynosure-sponsored investment vehicle in the event of adverse tax or regulatory events; the right to appoint a representative to the advisory committee of the Cynosure-sponsored investment vehicle, if applicable; additional confidentiality protections; the right to disclose certain information to underlying investors or to the public; structuring rights with respect to certain types of investments; or any other terms, whether economic, procedural or otherwise.

Cynosure also enters into Investment Management Agreements ("Commitment Letters") with certain investors as a way to provide a short-term commitment facility that enables investors to more efficiently capitalize on direct investment market opportunities. Commitment Letters are not used for allocations to third-party funds or direct real estate investments.

Valuations of Investments

There may be situations in which Cynosure has an incentive to influence or manipulate the valuation of investments. For example, Cynosure could be motivated to overstate valuation in order to: (i) improve the track record of an Advisory Client, (ii) minimize losses from write-downs that must be returned before an affiliate may receive performance-based allocations, or (iii) for certain Advisory Clients, increase fees due to Cynosure, such as a management fee that is calculated as a percentage of the value of the Advisory Client's assets. For portfolio holdings set aside in Side Pocket Accounts, and in accordance with the guidelines set forth in the Firm's Valuation Policy, Cynosure will determine the valuation as the sum of (i) the amount of principal plus any accrued but unpaid interest and fees due and owing by borrowers and (ii) pre-existing undistributed income.

Cynosure values securities and instruments at their fair value in accordance with GAAP (in particular, Financial Accounting Standards Board Accounting Standards Codification Topic 820, Fair Value Measurements). To facilitate this, Cynosure has adopted a written Valuation Policy and Procedures. If active market quotations are readily available, Cynosure generally values securities at their market price, with a discount in certain cases of restricted securities. Otherwise, securities are valued based on management's judgment and estimation in accordance with Cynosure's Valuation Policy, guidance, and templates or in accordance with the specific valuation procedure outlined in the Governing Documents or Investment Consulting Agreement for a Cynosure-sponsored investment vehicle or Solutions Advisory Client, respectively.

ITEM 12: BROKERAGE PRACTICES

Cynosure has discretion to select brokers and dealers to execute transactions in securities and other instruments for Advisory Clients. Cynosure is obligated by law and under its investment management agreements to seek to obtain the best prices and executions for orders executed for Advisory Clients, taking into account quantitative and qualitative factors affecting the execution quality of portfolio transactions. In particular, Cynosure reviews factors, such as the experience of the broker or the dealer, its ability to handle the order to the best advantage of the Advisory Client, the nature of the investments to be bought or sold, special circumstances affecting the instrument (*e.g.*, redemption features), and the overall price of the order. As a result, although Cynosure will seek competitive commissions and spreads, it may not necessarily obtain the most competitive price/commission/spread for portfolio transactions.

From time to time, brokerage firms may provide services to Cynosure in addition to order execution.

From time-to-time Cynosure selects brokers and dealers who are owned in part by an Advisory Client to execute transactions in securities and other instruments for another Advisory Client.

Portfolio trades of certain investment vehicles can be expected to generate commissions, mark-ups/mark-downs, and other transaction charges that each Advisory Client is responsible for paying. Cynosure has complete discretion in deciding the brokers and dealers to execute Advisory Client transactions and the fees that will be paid to selected broker-dealers for their services. Cynosure seeks to obtain best execution of Advisory Client transactions based on a number of factors that include net price for the order, experience of the broker-dealer, order handling ability (particularly block orders), and the nature of the investments to be bought or sold. From time to time, Cynosure engages in transactions with broker-dealers that also have other dealings with Cynosure or its affiliates, including investor referrals and investments in Advisory Clients. Such business relationships could present a potential conflict of interest for Cynosure.

Cynosure does not currently participate in any soft dollar relationships with brokers for research or any other service.

Bunching or Aggregating Trades

Individual Advisory Client trades may be aggregated if aggregation is believed to benefit the Advisory Client and to be consistent with Cynosure's obligation to seek best execution. Cynosure is not obligated to aggregate Advisory Client trades, however, and there may be reasons, such as Advisory Client specifications or logistics of the trade itself, where aggregation is not possible. In such situations, the inability to aggregate the trade could result in an increase in transaction costs for the Advisory Client.

Cynosure may trade the same instruments for multiple Advisory Clients with a particular broker throughout the day. Where possible, the price at which that particular broker handles these multiple orders generally will be averaged among the multiple Advisory Client accounts during a trading day. Trades with a particular broker that occur in the same instruments for multiple Advisory Clients on the same day may be averaged across multiple Advisory Client accounts if determined by Cynosure to be fair, reasonable and appropriate under the circumstances. All exceptions to Cynosure's policy on the aggregation of trades must be approved by Cynosure's Chief Compliance Officer or designee.

Trade Errors

Cynosure seeks to detect and correct trade errors. Should a trade error occur and be detected before the trade has been settled in the Advisory Client account, Cynosure will reverse the trade or reallocate, as necessary and appropriate. In any event, the Advisory Client account will be made whole (put in a position as if the error had not been made), with Cynosure absorbing any loss, where Cynosure's conduct does not meet the standard for exculpation set forth in the governing documentation for the relevant Advisory Client(s), and not in other cases. Advisory Clients regulated under the 1940 Act will be made whole with Cynosure absorbing losses any time a trade error cannot be reversed or reallocated.

Soft Dollars

Cynosure does not have formal soft dollar arrangements; however, Cynosure from time to time uses research services provided by brokers. When Cynosure uses research provided by brokers, the Firm receives a benefit since it does not have to produce the research itself or pay for the research with its own money.

The research Cynosure obtains includes only:

- Advice as to the value of securities, the advisability of investing in, purchasing or selling securities, and the availability of securities or purchaser or sellers of securities; and
- Analyses and reports concerning issues, industries, securities, economic factors and trends, portfolio strategy and the performance of accounts.

Specific types of research Cynosure obtains or pay for with client commissions include (i) fundamental, quantitative and technical issuer, industry, sector, market, asset class, economic and policy research reports and analyses, and (ii) portfolio strategy research. The research is generated by either an executing broker-dealer or by third parties.

ITEM 13: REVIEW OF ACCOUNTS

The portfolio investments of certain Advisory Clients are regularly reviewed by a team of investment professionals. Depending on the Advisory Client, the team generally includes principal executive officers of Cynosure, Managing Directors, and other investment professionals. These professionals monitor operations, overall performance, financial performance, and strategic direction of each portfolio company owned by the Advisory Clients.

Review of each separately managed account is ongoing and continuous, and completed at least quarterly. Such reviews generally include a review of the account's strategies, performance and other matters. Advisory Clients are encouraged to contact Cynosure if there are any changes in their financial situation or investment objectives.

Reports to Advisory Clients and Investors

Investors in Cynosure-advised (and co-advised) Advisory Clients typically receive quarterly financial reports and audited annual reports. Investors have the ability to access these reports via a password-protected website. Depending on the particular Advisory Client, investors may receive monthly reports or letters, quarterly financial and capital account statements. Reports to separately managed account Advisory Clients are based on the terms of the particular investment management agreement.

Certain investors are expected to have the right to obtain information relating to an Advisory Client. Accordingly, such investors may possess information regarding the business and affairs of an Advisory Client that may not be known to other investors. As a result, certain investors will be able to take actions on the basis of such information which, in the absence of such information, other investors do not take.

For new Advisory Clients, a copy of this Brochure is delivered prior to or at the time of entering into an advisory contract. Existing Advisory Clients are notified electronically when updates to this Brochure are available for their review, and a copy is posted to the respective investor reporting site.

Cynosure personnel are available to meet with Advisory Clients upon request and, upon reasonable request, will tailor reporting to meet the particular needs of a client in one of Cynosure's separately managed accounts. For more information on the reporting exercised on behalf of Cynosure's private fund offerings, refer to Item 15 below.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

As described in more detail in Item 5 – “Fees and Compensation”, in addition to management fees payable and carried interest allocable to Cynosure and its affiliates, Cynosure and its affiliates are expected to receive acquisition, monitoring, disposition and certain fees with respect to advisory and related services provided in connection with investments by Advisory Clients.

Cynosure does not currently have any cash compensation arrangements with any portfolio companies of Advisory Clients or affiliates thereof, or, unaffiliated placement agents or third parties for introducing investors to Cynosure in respect of an Advisory Client. Any fees associated therewith will ultimately be payable by Cynosure or its affiliates, either directly or through an offset of the management fee payable by the relevant Advisory Client.

In accordance with Cynosure's policies, no investor will bear any portion of any fee paid to any third-party promoter (formerly solicitor) with respect to such investment (whether in the form of higher management fees or other types of fees) without the consent of Cynosure's Head of Investor Relations.

ITEM 15: CUSTODY

Cynosure is deemed to have custody of the underlying assets of many of its Advisory Clients. In addition to holding client assets with an unaffiliated, qualified, third party custodian, these client assets (where Cynosure is deemed to have custody) are generally also subject to a year-end audit by a major accounting firm that is a member of, and examined by, the Public Company Accounting Oversight Board (“PCAOB”), and the audited financial statements are then provided to the underlying investors of these Advisory Clients within 120 days, or 180 days in the case of fund of funds (i.e., private funds that invest 10% or more of their assets in other private fund offerings) of the end of the fiscal year. For client assets that are pooled investment vehicles (and subject to such financial audits and reporting delivery qualifications), Cynosure relies on an exception from the notification, account statement delivery obligations, and is deemed compliant with the surprise audit obligations imposed by the SEC's custody rule.

In accordance with applicable regulatory requirements, Cynosure will initiate an ADV-E filing with the SEC upon completion of the surprise audit by the selected independent auditor. The auditor, too, is responsible for compilation of certain

information required by the ADV-E. The ADV-E filing itself is submitted annually to the SEC and is available on the SEC's Investment Adviser Public Depository website at: <https://adviserinfo.sec.gov>.

To the extent that Cynosure is deemed to have custody of the underlying assets of an Advisory Client that is not deemed to be a "pooled investment vehicle", Cynosure engages a PCAOB major accounting firm to subject such assets to a surprise audit and requests requisite reporting to the Advisory Client.

ITEM 16: INVESTMENT DISCRETION

Cynosure provides investment advice to its Advisory Clients on a discretionary basis, either directly or indirectly through sub-advisory arrangements. Generally, this discretion is subject only to the investment guidelines set forth in the governing agreements (or investment management agreement in the case of a separately managed account) of an Advisory Client. Such governing agreements generally expressly provide that the applicable general partner (or similar managing fiduciary) has the authority to make all decisions concerning the investigation, evaluation, selection, negotiation, structuring, commitment to, monitoring of and disposition of investments.

ITEM 17: VOTING CLIENT SECURITIES

Cynosure has, or will accept, authority to vote public company securities and other debt instruments (*e.g.*, loans) held by an Advisory Client, and has adopted policies and procedures (the "Proxy Voting Policies and Procedures") that it believes are reasonably designed to comply with the requirements of the Advisers Act. The Proxy Voting Policies and Procedures reflect Cynosure's commitment to vote such instruments in a manner consistent with the best interests of the Advisory Clients.

Under the Proxy Voting Policies and Procedures, unless faced with a conflict of interest between or among Advisory Clients, Cynosure will vote proxies in a manner that serves the best interest of its Advisory Clients, as determined by Cynosure in its discretion, taking into account relevant factors, including (i) the impact on the value of the securities owned by the Advisory Client and the returns on those securities; (ii) alignment of portfolio company management's interest with the Advisory Client's interest, including establishing appropriate incentives for management; (iii) the ongoing relationship between the Advisory Client and the portfolio companies in which it invests, including the continued or increased availability of portfolio information; (iv) industry business and practices; and (v) the requirements imposed on Cynosure and its affiliates in the Advisory Client operating agreements.

Cynosure reviews each proposal submitted for a vote on a case-by-case basis to determine whether it is in the best interest of the applicable Advisory Client. As a result, depending on the Advisory Client's particular circumstances, Cynosure may vote one Advisory Client's securities differently than it votes those of another Advisory Client, or may vote differently on various proposals, even though the securities or proposals are similar (or identical). In some instances, Cynosure may determine that it is in the Advisory Client's best interest for Cynosure to "abstain" from voting or not to vote at all, and will do so accordingly.

Proxy voting reports, identifying how proxies were voted where Cynosure has been delegated proxy voting authority, and Cynosure's Proxy Voting Policies and Procedures are available upon written request to Cynosure Management, LLC, 111 S. Main Street, Suite 2350, Salt Lake City, UT, 84111, Attn: Investor Relations.

ITEM 18: FINANCIAL INFORMATION

At this time, Cynosure is not the subject of any financial condition that is reasonably likely to impair Cynosure's ability to meet its contractual obligations to its clients. Cynosure has not been the subject of any bankruptcy petitions, including in the past ten years.