

# **CenterGate Capital, L.P.**

## **Form ADV Part 2A**

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**This brochure (“Brochure”) provides information about the qualifications and business practices of CenterGate Capital, L.P. (referred to herein as “CenterGate”). If you have any questions about the contents of this Brochure, please contact us at (512) 717-7100 or via email at [jholup@centergatecapital.com](mailto:jholup@centergatecapital.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.**

**Additional information about CenterGate is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**REGISTRATION WITH THE SEC AS AN INVESTMENT ADVISER DOES NOT IMPLY THAT CENTERGATE OR ANY OF THE PRINCIPALS OR EMPLOYEES OF CENTERGATE POSSESS A PARTICULAR LEVEL OF SKILL OR TRAINING IN THE INVESTMENT ADVISORY BUSINESS OR ANY OTHER BUSINESS.**

**Item 2 - Material Changes**

This Brochure, dated as of March 2023, has been prepared in connection with CenterGate's annual updating amendment to Form ADV for the fiscal year ending December 31, 2022. Since CenterGate filed its last annual updating amendment to Form ADV in March 2022, there have been no material changes made to this brochure. But in this annual amendment, the Firm has updated the assets under management in Item 4 as well as the Financial Institution Risk; Distress Events outlined in Item 8. In the future, a summary of any material change will be listed here, as applicable

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#### **Item 4 - Advisory Business**

CenterGate Capital, L.P. (“CenterGate”) is a private equity firm that specializes in lower middle market companies. CenterGate was founded in 2014. The principal owners of CenterGate are Tiffany Kosch and Lewis Schoenwetter.

CenterGate primarily provides investment advisory services to private investment funds that principally seek investment opportunities in private lower-middle market companies engaged in business and industrial services, manufacturing, and consumer sectors and that are located primarily in the United States. The CenterGate Funds provide capital through a variety of transaction types including consolidations, public to private transactions, and corporate divestitures through various transaction structures including buyouts, recapitalizations, and restructurings.

CenterGate provides the services described above to its advisory clients, which are private investment funds (collectively, the “CenterGate Funds”). Generally, a related person of CenterGate acts as the general partner of (or other equivalent control position for) each CenterGate Fund, and CenterGate serves as investment adviser to each CenterGate Fund. References to CenterGate in this Brochure include, as the context requires, affiliates through which CenterGate provides investment advisory services or that act in any capacity referenced in the previous sentence.

CenterGate tailors its advisory services to the specific investment objectives and restrictions of each CenterGate Fund set forth in such CenterGate Fund’s limited partnership agreement (or similar governing agreement) and investment management agreement, as applicable. Investors and prospective investors of each CenterGate Fund should refer to the confidential private placement memorandum, limited partnership agreement (or similar governing agreement), investment management agreement and/or other governing documents, as applicable (collectively, the “Governing Documents”) of the applicable CenterGate Fund for complete information on the investment objectives and investment restrictions with respect to such CenterGate Fund. There is no assurance that any of the CenterGate Funds’ investment objectives will be achieved.

In accordance with common industry practice, one or more of the CenterGate Funds and/or their general partners may enter into “side letters” or similar agreements with certain investors pursuant to which the general partner grants the investor specific rights, benefits, or privileges that are not made available to investors generally. Such “side letters” or similar agreements generally are disclosed only to investors in the applicable Fund that have separately negotiated with CenterGate for the right to review such “side letters” or similar agreements.

CenterGate does not participate in any wrap fee programs.

CenterGate manages all assets on a discretionary basis in accordance with the terms and conditions of each CenterGate Fund’s Governing Documents. As of December 31, 2022, the amount of assets CenterGate manages on a discretionary basis is \$413,433,540.

#### **Item 5 - Fees and Compensation**

##### *Compensation and Fee Schedules*

All investors and prospective investors should review the Governing Documents of each CenterGate Fund in conjunction with this Brochure for complete information on the fees and compensation payable in connection with a particular CenterGate Fund. Different CenterGate Funds may be subject to different management fees and performance-based compensation arrangements. In limited circumstances, the advisory fees payable to CenterGate by individual investors in the CenterGate Funds

may be negotiable and/or waived. Investors and prospective investors in each CenterGate Fund should note that similar advisory services may (or may not) be available from other investment advisers for similar or lower fees. Except for CenterGate Co-Invest I, L.P., all clients of CenterGate are “qualified purchasers” as defined in Section 2(a)(51) of the Investment Company Act of 1940, as amended (the “Company Act”), and therefore CenterGate has not included specific fee information in this Brochure. CenterGate does not receive an advisory fee with respect to CenterGate Co-Invest I, L.P.

#### *Deduction of Fees; Timing of Payments; Termination*

Management fees will be generally paid to CenterGate by or on behalf of a CenterGate Fund by (i) requiring investors in such CenterGate Fund 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 CenterGate Fund.

Payments of advisory fees are generally made quarterly in advance and in accordance with the terms of the Governing Documents. Please refer to the Governing Documents of each of the CenterGate Funds for complete information on the timing of advisory fee payments.

To the extent management fees are assessed in advance, certain CenterGate Funds’ Governing Documents require such fees to be returned to the limited partners of such CenterGate Funds should CenterGate’s management services to the CenterGate Fund 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 a CenterGate Fund 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 days remaining in the applicable period.

#### *Other Fees and Expenses*

In addition to the fees payable to CenterGate and its affiliated entities, the CenterGate Funds (and therefore, indirectly, the limited partners of such CenterGate Funds) may incur certain charges imposed by third parties and other expenses as set forth in the Governing Documents attributable to each CenterGate Fund. Such expenses may include (but are not limited to), organizational and capital raising expenses; management fees; all expenses incurred in connection with the business, affairs and operations of the CenterGate Fund, including the due diligence, purchase, acquisition, holding, transfer or sale, of any portfolio investment (whether or not consummated), including legal, accounting and consulting fees, travel and the fees and expenses of any third-party administrator of the CenterGate Fund; all expenses incurred in connection with the development of any portfolio investment, including the employment of third party consultants or engineers; all expenses incurred in connection with the securing of financing, including but not limited to expenses related to the negotiation and documentation of agreements with one or more lenders; all costs and fees relating to the administrative and audit expenses of the CenterGate Fund (including costs of third-party accountants), and the preparation of financial and tax reports, portfolio valuations and tax returns of the CenterGate Fund; all legal, regulatory, administrative and compliance costs of the CenterGate Fund and the CenterGate Fund’s general partner and/or manager, in each case with respect to the CenterGate Fund, and the costs of prosecuting or defending any legal action for or against the CenterGate Fund or the CenterGate Fund’s general partner, manager or any of their respective affiliates relating to the affairs of the CenterGate Fund; all costs of establishing and operating entities related to the carried interest received by the general partner of the CenterGate Fund; all indemnification obligations of the CenterGate Fund; principal and interest on, and fees and expenses arising out of, all permitted borrowings made by the CenterGate Fund; all costs of any litigation, director and officer liability or other insurance and indemnification or extraordinary expense or liability relating to the affairs of the CenterGate Fund; all extraordinary professional fees incurred in connection with the business or management of the

CenterGate Fund; all expenses of dissolving the CenterGate Fund; any taxes, fees or other governmental charges levied against the CenterGate Fund and all expenses incurred in connection with any tax audit, investigation, settlement or review of the CenterGate Fund; all expenses incurred in connection with any restructuring or amendments to the constituent documents of the CenterGate Fund and related entities, including the CenterGate Fund's general partner, manager; all expenses incurred in connection with the formation of special purpose investment vehicles, including any alternative investment vehicles; all expenses incurred in connection with multimedia, analytical, database, news or other third party research services and related terminals for the delivery of such services; expenses incurred in connection with annual or other meetings of the limited partners of the CenterGate Fund, whether individually or as a group (including travel); all expenses and costs related to the holding of meetings of the advisory board of a CenterGate Fund (including travel, lodging and meals), if any; all fees charged, and reasonable out-of-pocket expenses incurred, by the administrator of the CenterGate Fund in connection with the administration of the CenterGate Fund; and expenses incurred in connection with the managed distribution of marketable securities. The types of other fees and expenses incurred may vary among CenterGate Funds. All investors and prospective investors should review the Governing Documents of the applicable CenterGate Fund in conjunction with this Brochure for complete information on the charges and expenses payable with respect to a particular CenterGate Fund.

The types of other fees and expenses incurred will vary from CenterGate Fund to CenterGate Fund. Please refer to the Governing Documents of each applicable CenterGate Fund for more complete information.

The section titled "*Brokerage Practices*" describes the factors CenterGate considers in selecting or recommending broker-dealers and determining the reasonableness of their compensation.

#### *Timing of Payments*

Please refer to the subsection entitled "*Deduction of Fees; Timing of Payments; Termination*" described above.

#### *Transaction-Based Compensation*

CenterGate does not receive any transaction-based compensation from the CenterGate Funds for the sale of securities or other investment products to any CenterGate Fund. Please refer to the subsection titled "*Economic Benefits Received from Third Parties*" below for information on other types of compensation that CenterGate may receive with respect to investments by the CenterGate Funds.

### **Item 6 - Performance-Based Fees and Side-by-Side Management**

#### *Performance-Based Fees*

Distributions to investors in most CenterGate Funds will be subject to some form of carried interest or similar profit allocation for the benefit of an affiliate of CenterGate. Generally, these profit allocations represent a share of a limited partner's distributions in excess of its invested capital and allocable fees and expenses. Such "carried interest" allocation arrangements comply with Rule 205-3 under the Investment Advisers Act of 1940 (together with all rules and regulations promulgated thereunder, the "Advisers Act") to the extent required thereunder. Any share of profits allocated or distributed to an affiliate of CenterGate is separate and distinct from the advisory fees charged by CenterGate to such CenterGate Fund for advisory services.

Arrangements regarding performance-based allocations received by related persons of CenterGate may create an incentive for CenterGate to recommend investments that may be riskier or more speculative than those that would be recommended under a different fee or compensation arrangement.

Please refer to the Governing Documents of each CenterGate Fund for complete information on the specific “performance-based fee” arrangements of each CenterGate Fund.

#### *Side-by-Side Management*

CenterGate Funds may be subject to different performance-based compensation arrangements. If CenterGate or an affiliate is entitled to receive a higher percentage of the net profits of the account of one CenterGate Fund than the percentage that CenterGate or an affiliate receives from another CenterGate Fund, then CenterGate may have an incentive to favor, or to allocate certain riskier or more speculative investments to, the CenterGate Fund that is subject to the higher percentage.

To mitigate potential conflicts of interest, the allocation of commitments and investment decisions with respect to each CenterGate Fund are made by CenterGate with respect to all CenterGate Funds in accordance with CenterGate’s investment allocation policy, which takes into account multiple criteria, including: (i) the investment objectives, strategies, guidelines and restrictions of each CenterGate Fund; (ii) the relevant allocation of investment opportunity provisions in a CenterGate Fund’s Governing Documents; (iii) the liquidity needs of each CenterGate Fund and the investment cycle of each CenterGate Fund; (iv) the respective holding periods for the prospective investments; (v) the nature of the disposition opportunity, including the size and source of the opportunity; (vi) current and anticipated market conditions; and (vii) tax, legal and/or regulatory considerations.

If a new CenterGate Fund is first formed and the predecessor fund of such CenterGate Fund still has capital available for investments in new portfolio companies, subject to the provisions of the applicable CenterGate Fund’s Governing Documents, CenterGate generally will allocate investment opportunities in new portfolio companies to the predecessor CenterGate Fund (and potentially predecessor CenterGate Funds of an earlier vintage with available capital) until the predecessor CenterGate Fund has used up its remaining capital capacity for new investments, as determined in good faith by CenterGate. CenterGate then generally will start allocating new investment opportunities to the new CenterGate Fund, with the predecessor CenterGate Fund potentially also being considered for new investment opportunities if it subsequently has a liquidity event and is still permitted to invest in new portfolio companies under its Governing Documents.

A follow-on investment opportunity in an existing portfolio company generally will first be considered as an opportunity for the CenterGate Fund that has an existing investment in that company. If more than one CenterGate Fund has an existing investment in the portfolio company, the follow-on opportunity will first be considered as an opportunity for those CenterGate Funds, in proportion to their pre-existing investments in the portfolio company. However, CenterGate may determine that a non-prorata follow-on investment is appropriate (for example, because one of the CenterGate Funds does not have enough unreserved capital left to invest or would exceed certain limitations in the CenterGate Fund’s Governing Documents if it were to invest its pro rata amount). If, after CenterGate has determined how much to invest for the CenterGate Funds with priority on such opportunity, there is an additional amount potentially available to the CenterGate Funds in respect of such opportunity, CenterGate may consider that remaining amount for other CenterGate Funds that are then making new investments, subject to any applicable provisions of the CenterGate Funds’ Governing Documents.

After the applicable CenterGate Fund(s) have received their desired portion of a new investment or follow-on investment opportunity, CenterGate, in certain cases, may make additional amounts with respect to such investment opportunity (if any) available for co-investment to one or more investors in the CenterGate Funds or other third parties. If CenterGate expects to offer any such co-investment opportunity to a limited partner of a CenterGate Fund, CenterGate will offer all other limited partners of such CenterGate Fund an opportunity to participate in such co-investment in accordance with the applicable provisions of the CenterGate Funds' Governing Documents and CenterGate's co-investment allocation policies in effect from time to time.

CenterGate Funds may, as permitted under their respective Governing Documents, cross-invest in portfolio companies in which other CenterGate Funds already hold an interest. To the extent that multiple CenterGate Funds hold an interest in the same portfolio company, it is CenterGate's policy that disposition opportunities with respect to that investment will, to the extent practicable, be allocated among such CenterGate Funds on a basis that, in the judgment of CenterGate, is fair and equitable to each CenterGate Fund relative to other CenterGate Funds, taking into account all relevant facts and circumstances, including (without limitation): (i) the strategies, guidelines and restrictions of each CenterGate Fund; (ii) relevant provisions in a CenterGate Fund's governing documents or in other agreements related to the CenterGate Funds' investment in such issuer (including "tag-along" or "piggy back" rights); (iii) liquidity needs for each CenterGate Fund or other client and the investment cycle of a particular CenterGate Fund or other client; (iv) respective holding periods for the investment; (v) the nature of the disposition opportunity, including the size and source of the opportunity; (vi) current and anticipated market conditions; and (vii) tax, legal or regulatory considerations.

## **Item 7 - Types of Clients**

### *Types of Clients and Investment Vehicles*

CenterGate provides advice to investment vehicles. The limited partners of (or investors in) the CenterGate Funds may include high net worth individuals, corporations, funds of funds, financial institutions, endowments, foundations, trusts, estates, sovereign wealth funds, and public and private pension and profit sharing plans.

CenterGate and/or its affiliates may establish certain alternative investment vehicles, parallel funds and/or special purpose vehicles (collectively, "AIVs") for the purpose of addressing tax, regulatory and/or structural issues, and/or facilitating certain investments by one or more CenterGate Funds and/or investors. Prospective investors are requested to refer to the Governing Documents of the applicable CenterGate Fund for complete details on any feeder vehicle that may be established by such CenterGate Fund and such CenterGate Fund's ability to make investments through AIVs.

### *Minimum Investment Requirements*

The CenterGate Funds are generally offered to accredited investors and/or qualified purchasers pursuant to Section 3(c)(1) or 3(c)(7) of the Company Act and are therefore not required to register as investment companies under the Company Act in reliance upon certain exemptions available to the CenterGate Funds whose securities are not publicly offered.

In general, the minimum investment commitment required of a limited partner to participate in a CenterGate Fund is \$50,000 however, the general partner of each CenterGate Fund has discretion to increase or reduce the minimum investment commitment. Investors are requested to refer to the Governing Documents of each CenterGate Fund for complete information on minimum investment requirements for participation in a particular CenterGate Fund.



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

### *Investment Strategies*

As discussed in Item 4 above, CenterGate's primary investment strategy is to make investments in private lower-middle market companies engaged in the business and industrial services, manufacturing, and consumer sectors and that are located primarily in the United States.

### *Methods of Analysis*

When evaluating a new investment opportunity, CenterGate engages in a due diligence process based on an analytical framework that: (i) identifies the core value of the business, (ii) determines its sustainability, and (iii) carefully investigates the costs and upside of executing a plan to optimize it. The due diligence process builds on this framework through a detailed operational, management, industry, customer and strategic review. While CenterGate conducts most of the due diligence process in-house, from time-to-time it will selectively engage subject matter experts in niche areas.

For certain CenterGate Funds, each potential investment is evaluated by a formal investment committee process where approval of investment decisions generally requires the consent of a majority of the members of the relevant investment committee. Investors in the CenterGate Funds are requested to refer to the Governing Documents of the applicable CenterGate Fund for complete information on investment strategies and processes employed by such CenterGate Fund.

### *Material Risks*

The task of identifying investment opportunities and managing such investments is difficult. There can be no assurance that CenterGate will be able to choose, and the CenterGate Funds will be able to make and/or realize, any particular investment or that the CenterGate Funds will be able to generate returns for their investors. In addition, there can be no assurance that any investor will receive any distribution from a CenterGate Fund. Investing in the CenterGate Funds involves a risk of loss that investors should be prepared to bear. The discussion below enumerates certain risk factors that apply generally to an investment in a CenterGate Fund. Investors in the CenterGate Funds are requested to refer to the Governing Documents of the applicable CenterGate Fund for complete information on investment strategies employed by such CenterGate Fund and the corresponding risks associated with such investment strategies. Investors in the CenterGate Funds should carefully consider, among other factors, the following material risks involved with CenterGate's investment strategies.

No Assurance of Investment Return. There can be no assurance that any CenterGate Fund will 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 CenterGate Fund participates. Accordingly, an investment in a CenterGate Fund should only be considered by persons who can afford a loss of their entire investment.

Nature of Investments. A substantial component of a CenterGate Fund's investment strategy is to invest in lower middle-market companies. While investments in lower middle-market companies may present greater opportunities for growth, such investments may also entail larger risks than are customarily associated with investments in large companies. Medium-sized companies may have more limited product lines, markets and financial resources, and may be dependent on a smaller management group. As a result, such companies may be more vulnerable to general economic trends and to specific changes in markets and technology. In addition, future growth may be dependent on additional financing, which may not be available on acceptable terms when required. Further, there is ordinarily a more limited marketplace for the sale of interests in smaller, private companies, which may make realizations of

gains more difficult, by requiring sales to other private investors. In addition, the relative illiquidity of private equity investments generally, and the somewhat greater illiquidity of private investments in small and medium-sized companies, could make it difficult for the Fund to react quickly to negative economic or political developments.

Investments in Distressed Companies. Subject to applicable restrictions in the Governing Documents of a CenterGate Fund, a CenterGate Fund may invest in distressed and bankrupt portfolio companies, including in debt obligations that are in covenant or payment default. Such investments generally are considered speculative. The repayment of defaulted obligations is subject to significant uncertainties. Defaulted obligations might be repaid only after lengthy workout or bankruptcy proceedings, during which the issuer of those obligations might not make any interest or other payments. In addition, these instruments may not be protected by financial covenants or limitations upon additional indebtedness and may have limited liquidity. Distressed and debt instruments are also subject to other creditor risks, including (i) the possible invalidation of an investment transaction as a “fraudulent conveyance” under relevant creditors’ rights laws, (ii) so-called “lender-liability” claims by the issuer of the obligations, (iii) environmental liabilities that may arise with respect to collateral securing the obligations and, in certain circumstances, (iv) challenges to claims based on face value of instruments purchased at distressed levels against par.

Competition for Suitable Investments. The activity of identifying, completing and realizing attractive private equity investments in general is competitive and involves a high degree of uncertainty. The availability of investment opportunities generally will be subject to market conditions. A CenterGate Fund may encounter competition from other similarly focused funds formed before or after the establishment of such CenterGate Fund. Potential competitors also include other investment partnerships and corporations, business development companies, strategic industry acquirers and other financial investors investing directly or through affiliates. Some of these competitors may have more relevant experience, greater financial resources and more personnel than a CenterGate Fund, CenterGate or its affiliates. It is possible that competition for appropriate investment opportunities may increase, which could negatively impact a CenterGate Fund’s ability to consummate investments and adversely affect the terms upon which investments can be made. There can be no assurance that CenterGate will be able to locate and consummate investments that satisfy a CenterGate Fund’s rate of return objectives or realize their values or that it will be able to invest fully its aggregate capital commitments. To the extent that CenterGate encounters competition for investments, returns from CenterGate Fund to its limited partners may decrease.

Uncertainty of Financial Projections. Financial and other information concerning the investments of a CenterGate Fund may only be available through certain sources, including the portfolio companies themselves. There may be no consistent means, however, of confirming the accuracy of such information. It may also be impractical or undesirable to carry out full time due diligence before an investment is acquired. The portfolio companies may have little or no previous credit histories. The inaccuracy of certain assumptions and general economic conditions, which are unpredictable, can have a materially adverse impact on the reliability of such projections. There can be no assurance that the projected results will be obtained, and actual results may vary significantly from such projections.

Risk From Managerial Assistance. A CenterGate Fund may designate directors (and non-executive chairmen) to serve on the boards of directors of its portfolio companies. A board member designated by a CenterGate Fund will likely have fiduciary duties to persons other than the CenterGate Fund. The designation of directors and other measures contemplated could expose the assets of the CenterGate Fund to claims by a portfolio company, its security holders and its creditors for breaches of fiduciary duties, securities claims and other director-related claims. The exercise of control over a company imposes additional risks of liability for environmental damage, product defects, failure to supervise management, violation of governmental regulations and other types of liability for which the limited liability generally characteristic of business ownership may be ignored. If these liabilities were to occur,

a CenterGate Fund could suffer losses in its investments. While CenterGate and the general partner of each CenterGate Fund intend to maintain appropriate directors and officers insurance and manage each CenterGate Fund in a way that will minimize exposure to these risks, the possibility of successful claims cannot be precluded.

Reliance on Portfolio Company Management; Lack of Control Rights. The day-to-day operations of each portfolio company in which a CenterGate Fund invests will be the responsibility of such portfolio company's management team. Although CenterGate and the general partner of each CenterGate Fund will be responsible for monitoring the performance of each portfolio company, will seek to negotiate appropriate rights and controls to influence key decisions, and generally intend to invest in portfolio companies operated by capable management teams, there can be no assurance that appropriate control and other rights will be secured in negotiations and/or that the existing management team or any successor management team will be able to operate any such portfolio company in accordance with the CenterGate Fund's expectations.

Non-Controlling Investments. A CenterGate Fund may invest in minority positions in portfolio companies and may have a limited ability to exert significant influence or protect its position. Such a portfolio company may have economic or business interests or goals that are inconsistent with those of the CenterGate Fund, and the CenterGate Fund may have a more limited ability to protect the value of its investment in the portfolio company, although as a condition of making such investments, it is expected that appropriate shareholder rights generally will be sought to protect the CenterGate Fund's investments.

Toehold Investments. Although typically not an investment focus, a CenterGate Fund may accumulate minority positions in the outstanding debt securities or in voting stock, or securities convertible into the voting stock, of potential portfolio companies. While the general partner of a CenterGate Fund will seek to achieve such accumulation through open market purchases, registered tender offers, negotiated transactions, or private placements, the general partner of a CenterGate Fund may be unable to accumulate a sufficiently large position in a portfolio company to execute its strategy. In such circumstances, the CenterGate Fund may dispose of its position in the portfolio company within a short time of acquiring it; there can be no assurance that the price at which the CenterGate Fund can sell such securities will not have declined since the time of acquisition. Moreover, this may be exacerbated by the fact that securities of the companies that the CenterGate Fund may target may be thinly traded and that the CenterGate Fund's position may nevertheless have been substantial, although not controlling, and its disposal may depress the market price for such securities.

Limited Number of Investments. CenterGate may intend for a CenterGate Fund to participate in a limited number of investments and, as a consequence, a CenterGate Fund's portfolio may include a small number of large positions. Furthermore, to the extent that the capital raised for a CenterGate Fund is less than the targeted amount, the CenterGate Fund may invest in fewer portfolio companies and thus be less diversified. If a CenterGate Fund's investments are concentrated in a few portfolio companies, affiliated portfolio companies or industries, any adverse change in one or more portfolio companies or industries could have a material adverse effect on the CenterGate Fund's investments. Therefore, while this portfolio concentration may enhance total returns to the CenterGate Fund, if any large position has a material loss, returns to the CenterGate Fund may be lower than if they had invested in a more diversified portfolio.

Leverage. Although the CenterGate Funds generally only borrow on a short-term basis, portfolio companies in which a CenterGate Fund invests may utilize leverage. Use of leverage may increase the exposure to adverse economic factors such as significantly rising interest rates, downturns in the economy or deterioration in the condition of any given portfolio company or its industry. Any event that adversely affects the value of a portfolio company held by a CenterGate Fund may be magnified to the extent that such portfolio company is leveraged. In the event a portfolio company is unable to meet principal and interest payments on its third-party indebtedness, the value of a CenterGate Fund's investment in such entity could be significantly reduced or even eliminated.

Bridge Loans. From time to time, a CenterGate Fund may lend to portfolio companies on a short-term, unsecured basis or otherwise invest on an interim basis in portfolio companies in anticipation of a future issuance of equity or debt securities or other refinancing or syndication. Such loans may be convertible into a more permanent, long-term security; however, for reasons not always in a CenterGate Fund's control, such long-term securities issuance or other refinancing or syndication may not occur and such loans and interim investment may remain outstanding. In such event, the interest rate on such loans may not adequately reflect the risk associated with the unsecured position taken by such CenterGate Fund.

Follow-On Investments. A CenterGate Fund may be called upon to provide follow-on funding for its portfolio companies or have the opportunity to increase its investment in portfolio companies. There can be no assurance that a CenterGate Fund will have sufficient capital to do so. Any decision not to make follow-on investments or the inability to make them may have a substantial negative impact on a portfolio company in need of such an investment or may diminish a CenterGate Fund's proportionate ownership in such portfolio company and thus its ability to influence such portfolio company's future development.

Non-U.S. Investments. A CenterGate Fund may from time to time invest in portfolio companies operating and/or organized outside of the United States. Such investments will involve risks not typically associated with investments in the securities of U.S. companies. Such investments may be subject to certain additional risks not presented by investments in U.S. portfolio companies due to, among other things, potentially unsettled points of applicable governing law, the risks associated with different accounting standards, different legal protections for investors, unusual regulatory burdens, political instability, fluctuating currency exchange rates, capital repatriation regulations (as such regulations may be given effect during the term of such CenterGate Fund) and the application of complex tax rules to cross-border investments. Even those portfolio companies that nominally are U.S. portfolio companies by virtue of their jurisdiction of organization or management headquarters may be exposed to significant foreign risks due to the increasingly international nature of many growth stage companies. Any adverse change to the political, economic, military or social environments in the host countries of a CenterGate Fund's portfolio companies could have a significant adverse effect upon the operations or financial performance of a CenterGate Fund. The foregoing factors may increase transaction costs, adversely impact the value of a CenterGate Fund's investments in non-U.S. portfolio companies and otherwise reduce returns to a CenterGate Fund's investors.

Investments with Third Parties. The CenterGate Funds are typically permitted to partner with third parties to make investments through joint ventures or other entities, including with private equity vehicles sponsored by others. The commitment to a portfolio company by a CenterGate Fund in the context of an investment with such third party partners may be substantial. Such investments may involve risks not present in investments where third parties are not involved, including the possibility that a partner alongside a CenterGate Fund in an investment may experience financial, legal or regulatory difficulties, may at any time have economic or business interests or goals which are inconsistent with those of the CenterGate Fund, may take a different view from the general partner of the CenterGate Fund as to the appropriate strategy for an investment or disposition of an investment,

or may be in a position to take action contrary to the CenterGate Fund's investment objectives. In addition, the CenterGate Fund may in certain circumstances be liable for the actions of its third party investment partner. In those circumstances where such third parties involve a management group, such third parties may receive compensation arrangements relating to the investment, including incentive compensation arrangements. Some of the third parties with whom the CenterGate Fund may partner may have pre-existing investments with target portfolio companies, and the terms of such pre-existing investments may differ from the terms upon which the CenterGate Fund invests in such portfolio companies.

Litigation Risks. A CenterGate Fund will be subject to a variety of litigation risks, particularly if one or more of its portfolio companies face financial or other difficulties during the term of such CenterGate Fund. Legal disputes, involving any or all of the CenterGate Funds, their affiliates, or their portfolio companies, may arise from a CenterGate Fund's activities and investments and could have a significant adverse effect on such CenterGate Fund.

Changes in Environment. A CenterGate Fund's investment program is intended to extend over a period of years, during which the business, economic, political, regulatory, and technology environment within which the CenterGate Fund operates may undergo substantial changes, some of which may be adverse to such CenterGate Fund. A drawn-out recession, downturns in the economy, deteriorations in the condition of an industry sector in which a CenterGate Fund has invested or adverse developments in the securities or credit markets may have an adverse impact on some or all of a CenterGate Fund's investments. A sustained period of inactivity and/or low valuations in the public equity markets could result in substantially lower liquidation values and substantially longer periods before liquidity is achieved in comparison with historical values, which would reduce the returns that could be achieved by a CenterGate Fund. In addition, factors specific to a portfolio company may have an adverse effect on a CenterGate Fund's investment in such company. The economic environment for all companies may remain challenging. All portfolio companies may face intense competition, changing business and economic conditions, risks of technological acceptance and obsolescence or other developments that may adversely affect their performance. The investment sourcing, selection, management and liquidation strategies and procedures exercised by CenterGate in the past may not be successful, or even practicable, during a CenterGate Fund's term.

Contingent Liabilities on Disposition of Investments. In connection with the disposition of an investment in a portfolio company, a CenterGate Fund may be required to make representations about the business and financial affairs of such company typical of those made in connection with the sale of a business. A CenterGate Fund may also be required to indemnify the purchasers of such company to the extent that any such representations or representations made by the portfolio company are inaccurate. These arrangements may result in the incurrence of contingent liabilities, which might ultimately have to be funded by the investors in such Fund to the extent of their unpaid capital commitments to such CenterGate Fund or through the return of certain prior distributions.

Financial Institution Risk; Distress Events. An investment in a CenterGate Fund is subject to the risk that one of the banks, brokers, counterparties, clearinghouses, exchanges, lenders or other custodians (each, a "Financial Institution") of some or all of a CenterGate Fund's (or any portfolio company's) assets fails to timely perform or otherwise defaults on its obligations or experiences insolvency, closure, seizure, receivership or other financial distress or difficulty, similar to that experienced by Silicon Valley Bank and Signature Bank in March 2023 (each, a "Distress Event"). Distress Events can be caused by factors including eroding market sentiment, significant withdrawals, fraud, malfeasance, poor performance, undercapitalization, market forces or accounting irregularities. If a Financial Institution experiences a Distress Event, CenterGate, any General Partner, the CenterGate Funds and/or any of the portfolio companies may be unable to access deposits, borrowing facilities or other services, either permanently or for an indeterminate period of time. Although assets held by regulated Financial Institutions in the United States frequently are insured up to stated balance amounts by organizations

such as the Federal Deposit Insurance Corporation, in the case of banks, and the Securities Investor Protection Corporation, in the case of certain broker-dealers, amounts in excess of the relevant insurance are subject to risk of total loss, and any non-U.S. Financial Institutions that are not subject to similar regimes pose potentially increased risk of loss. While in recent years governmental intervention has often resulted in additional protections for depositors and counterparties in connection with Distress Events, there can be no assurance that any intervention will occur, be successful or avoid the risks of loss, substantial delays or negative impact on banking or brokerage conditions or markets.

Any Distress Event has a potentially adverse effect on the ability of CenterGate to manage the CenterGate Funds and their investments, and on the ability of CenterGate, any CenterGate Fund or any portfolio company to maintain operations, which in each case could result in operational burdens, significant losses and unconsummated investment acquisitions and dispositions. Such losses could include: a loss of funds; an obligation to pay fees and expenses in the event a CenterGate Fund is unable to close a transaction (whether due to the inability to draw capital on a credit line provided by a Financial Institution experiencing a Distress Event, the inability of a CenterGate Fund to access capital contributions or otherwise); the inability of a CenterGate Fund to acquire or dispose of investments, including at prices that the relevant General Partner believes reflect the fair value of such investments; and/or the inability of CenterGate or portfolio companies to make payroll, fulfill obligations and/or maintain operations. If a Distress Event leads to a loss of access to a Financial Institution's services, it is also possible that CenterGate will experience operational burdens and expenses, and a CenterGate Fund or a portfolio company will incur additional expenses and/or delays in putting in place alternative arrangements and/or that such alternative arrangements will be less favorable than those formerly in place (with respect to economic terms, service levels, access to capital or otherwise). There can be no assurance that CenterGate will be able to exercise contractual remedies under the agreements with Financial Institutions in the event of a Distress Event, or that such remedies will be successful or avoid losses, delays or other negative impacts. The CenterGate Funds and their portfolio companies are subject to additional risks in the event a Financial Institution utilized by investors of a CenterGate Fund or suppliers, vendors, service providers or other counterparties of a portfolio company become subject to Distress Events, which could have a material adverse effect on a CenterGate Fund, its investors or such portfolio companies, including the risk of investor defaults.

Many Financial Institutions require, as a condition to using their services (including lending services), that CenterGate and/or the relevant CenterGate Fund maintain all or a set amount or percentage of their respective accounts or assets with the Financial Institution, which heightens the risks associated with a Distress Event with respect to such Financial Institutions. Although CenterGate seeks to do business with Financial Institutions that it believes are creditworthy and capable of fulfilling their respective obligations to the CenterGate Funds, CenterGate is under no obligation to use a minimum number of Financial Institutions with respect to any CenterGate Fund, or to maintain account balances at or below the relevant insured amounts.

#### **Item 9 - Disciplinary Information**

CenterGate and its principals have not been the subject of any material legal proceeding required to be disclosed in response to this item.

## **Item 10 - Other Financial Industry Activities and Affiliations**

### *Registered Broker-Dealers*

Neither CenterGate nor any of its management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer. In addition, CenterGate and its management persons are not affiliated with any broker-dealer.

### *Registered Futures Commission Merchants, Commodity Pool Operators and Commodity Trading Advisors*

Neither CenterGate nor any of its management persons are registered as a registered futures commission merchant, commodity pool operator or commodity trading advisor.

### *Relationships with Related Persons*

CenterGate and its related persons engage in a broad range of activities, including investment activities for their own account. As a result, the interests of a CenterGate Fund may conflict with the interests of CenterGate or its related persons or one or more other CenterGate Funds. Certain of these conflicts of interest are described below (although the discussion below does not necessarily describe all of the conflicts that may potentially be faced by a CenterGate Fund). Please also refer to the subsection titled “*Participation or Interest in Client Transactions; Personal Trading*” and the Governing Documents of each CenterGate Fund for more information, including with respect to transactions that may be subject to specific consent rights. CenterGate and its related persons are, directly or indirectly, the general partners, limited partners and/or managing members of the general partner of each of the CenterGate Funds. CenterGate and its related persons manage multiple CenterGate Funds. This can create conflicts in the allocation of time, resources and investment opportunities among the CenterGate Funds. Please refer to the Governing Documents of the relevant CenterGate Fund for complete information on the requisite time commitments (if any) of CenterGate and its related persons to the CenterGate Funds and the allocation of investment opportunities among the CenterGate Funds. Please also refer to the description of CenterGate’s investment allocation policy described in the subsection “*Side-by-Side Management*” above.

Employees of CenterGate and its affiliates may serve as officers, advisors, directors or in comparable management functions for portfolio companies in which the CenterGate Funds invest, or provide other services to portfolio companies, and may receive compensation in connection therewith. In connection with such activities, employees of CenterGate may be given access to confidential information relating to companies in which the CenterGate Funds invest or may otherwise become subject to legal or contractual restrictions on their ability to effect transactions for the CenterGate Funds. As a result, the CenterGate Funds may, under certain circumstances, be prohibited for a period of time from engaging in transactions with respect to the debt or equity securities of certain portfolio companies, which prohibition may have an adverse effect on the CenterGate Funds. The above individuals may spend a substantial portion of their time with these related management activities.

From time to time, certain CenterGate Funds may hold or may acquire positions in portfolio companies in which other CenterGate Funds invest or have invested. Such investments may be coincident with or precede one another. Follow-on investments in companies in which a CenterGate Fund and one or more other CenterGate Funds have invested may not necessarily be pro rata based on existing ownership in such companies. Where investments by multiple Funds in the same company are made at different times or in different proportions, conflicts of interest with regard to valuation, exit timing and other matters can arise. In addition, conflicts may arise in the event that the CenterGate Funds have invested in securities of the same company with different rights. CenterGate will use its good faith judgment in

addressing any such conflicts.

Investments by a CenterGate Fund may cause CenterGate and its related persons to become subject to legal or contractual restrictions on their ability to effect transactions for other CenterGate Funds, for example due to the receipt of non-public information or due to the existence of a control relationship between CenterGate and a portfolio company. In addition, it is possible that in a bankruptcy proceeding a CenterGate Fund's interest in a portfolio company may be adversely affected by another Fund's involvement and such other Fund's actions relating to its investment.

From time to time, a portfolio company of a Fund may engage in commercial transactions or other transactions (such as a merger or acquisition) with a portfolio company of a different Fund. Depending on the nature of the transaction, a transaction between portfolio companies of different CenterGate Funds can create potential conflicts of interest. CenterGate anticipates that material transactions between portfolio companies would generally be on arms'-length terms or on other terms considered equitable to both companies under the circumstances.

CenterGate will determine all matters relating to structuring transactions, including the amount and terms of securities, allocation of securities among the relevant CenterGate Funds and amounts potentially available for co-investment opportunities, using its best judgment considering all factors it deems relevant and subject to any specific consent or other requirements under the Governing Documents or "side letters" for the relevant CenterGate Funds.

#### *Selection or Recommendation of Other Advisers*

CenterGate does not recommend or select other investment advisers for its clients and does not receive compensation from such advisers in a manner that would create a material conflict of interest. CenterGate does not have other business relationships with other advisers that create a material conflict of interest.

#### *Other Activities and Relationships*

The employees of CenterGate and its affiliates may serve on the boards of directors of portfolio companies of the CenterGate Funds. 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 a CenterGate Fund.

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

#### *Code of Ethics*

CenterGate has adopted a Code of Ethics under Rule 204A-1 of the Advisers Act expressing CenterGate's commitment to ethical conduct. CenterGate's Code of Ethics describes its fiduciary duties and responsibilities to its clients, and sets forth, among other things, CenterGate's policies and procedures for (i) identifying, escalating and addressing any potential conflicts of interest, (ii) monitoring and preventing CenterGate or its supervised persons from engaging in insider trading, (iii) pre-clearance requirements, trading restrictions and reporting requirements for CenterGate's supervised persons' personal securities transactions, (iv) the receipt of gifts by supervised persons and the making of political campaign contributions, and (v) pre-approval of the engagement by CenterGate's employees in certain outside business activities. Under CenterGate's Code of Ethics, all supervised persons have a duty to act only in the best interests of the CenterGate Funds and potential conflicts and violations of the Code of Ethics must be promptly reported to CenterGate's Chief Compliance Officer ("CCO"). All supervised persons must acknowledge the terms of the Code of Ethics annually, or as amended. It is the expressed policy of CenterGate that no person employed by CenterGate shall prefer



his or her own interest to that of a CenterGate Fund or make personal investment decisions based on the investment decisions of the CenterGate Funds.

To supervise compliance with its Code of Ethics, CenterGate requires that anyone associated with its advisory practices with access to advisory recommendations provide annual securities holdings reports and quarterly brokerage statements (or equivalent quarterly transaction reports) to the firm's CCO. CenterGate requires such "access persons" to also receive approval from the CCO prior to investing in any initial public offerings or private placements.

In an effort to prevent inappropriate securities transactions by CenterGate's personnel, the CCO will maintain and make available a list of restricted securities. Access persons are strictly prohibited from trading on their own behalf in restricted securities without obtaining the prior written approval of the CCO.

CenterGate requires that all individuals act in accordance with all applicable federal and state regulations governing investment advisory practices. CenterGate also has a policy prohibiting the use of material non-public information. Any individual not in observance of the above may be subject to discipline or termination.

CenterGate will provide a complete copy of its Code of Ethics to any client or prospective client upon request.

#### *Participation or Interest in Client Transactions; Personal Trading*

As general partners, limited partners and/or managing members of the general partners (or equivalent control person) of each of the CenterGate Funds, CenterGate and its related persons generally have indirect beneficial interests in the securities owned by the CenterGate Funds and will share in any profits and losses generated by the CenterGate Funds' investments. Moreover, in certain situations, related persons of CenterGate may purchase interests in the same portfolio investments held by one or more CenterGate Funds. All such transactions are subject to compliance with CenterGate's Code of Ethics as described above. Any access person who has or acquires ownership of an issuer through a private placement (excluding any indirect investment in an issuer via a direct or indirect interest in a CenterGate Fund) must affirmatively disclose that interest to the CCO if such access person is involved in considering or determining any subsequent investment decision regarding an investment by a CenterGate Fund in any security of that issuer or an affiliate.

CenterGate and/or certain related persons of CenterGate may, from time to time, directly or through one or more entities, sell securities in which they have a direct or indirect ownership interest to certain CenterGate Funds in connection with certain "warehousing" transactions, provided that the sale is consistent with CenterGate's fiduciary obligations to the CenterGate Funds. Such transactions will be fully disclosed and the written consent of the appropriate CenterGate Fund (which, in certain circumstances, may be provided by the CenterGate Fund's advisory committee) will be obtained prior to the consummation of any such transactions in accordance with Section 206(3) of the Advisers Act to the extent that such transactions constitute "principal transactions" under Section 206(3). In addition, investment guidelines and the Governing Documents of a CenterGate Fund may limit principal transactions on a more restrictive basis than the Advisers Act.

Moreover, CenterGate may cause a CenterGate Fund to engage in “cross transactions” via the purchase or acquisition of a security from, or the sale or transfer of a security to, another CenterGate Fund, provided that the transfer is consistent with CenterGate’s fiduciary obligations to each CenterGate Fund participating in the cross transaction. Typically, the Governing Documents of a CenterGate Fund address permissible cross transactions and any applicable disclosure and/or CenterGate Fund consent requirements. CenterGate Funds that are formed as “parallel funds” to co-invest in all investments such CenterGate Funds make will typically engage in re-balancing “cross transactions” pursuant to the terms of their Governing Documents as the relative capital commitments between the parallel funds change during their respective fund-raising periods.

While CenterGate endeavors at all times to act in the best interests of the CenterGate Funds, investors should be aware that such transactions create a potential conflict of interest.

## **Item 12 - Brokerage Practices**

### *Discretionary Brokerage*

The CenterGate Funds invest primarily in private equity investments, although they may acquire, sell or distribute public securities from time to time. Subject to the investment objectives, policies and restrictions of each CenterGate Fund, as set forth in such CenterGate Fund’s Governing Documents, CenterGate will generally have discretionary authority to select the broker or dealer to be used to execute transactions in securities on behalf of the CenterGate Funds and negotiate the commission cost to be paid.

In selecting brokers, CenterGate’s primary consideration will be to obtain the most favorable net result for the CenterGate Funds under the circumstances, which may not involve the lowest possible commission cost. In selecting broker-dealers to effect securities transactions, CenterGate seeks to obtain best execution by considering factors including, but not limited to, the price and size of the order, the trading characteristics of the securities involved, the value of research provided by each broker, the broker’s execution abilities, commission rates, and financial responsibility and responsiveness. CenterGate will not necessarily select the broker-dealer offering the lowest commission cost. The applicability of specific criteria will vary depending upon the nature of the transaction, the market in which it is executed, and the extent to which it is possible to select from among multiple brokers or dealers.

### *Research and Soft Dollar Benefits*

CenterGate does not engage in soft dollar arrangements with respect to securities transactions for the CenterGate Funds.

Any research services and/or other products or services that are provided to CenterGate by brokers and dealers may be used for the benefit of all clients of CenterGate and do not necessarily benefit solely the CenterGate Fund from which the commissions were generated. The receipt of research and/or other products or services is not directly connected to the recommendation of brokerage services to the CenterGate Funds, but does create a potential conflict of interest of which investors should be aware in assessing CenterGate’s choice of broker-dealers.

### *Brokerage for Client Referrals*

In determining its selection of broker-dealers, CenterGate does not consider whether CenterGate receives referrals of potential investors from a broker-dealer or third party.

### *Directed Brokerage*

CenterGate has discretionary authority to select the brokers or dealers in connection with securities transactions of the CenterGate Funds, and investors are not permitted to direct CenterGate to use a particular broker or dealer to execute portfolio transactions on behalf of a CenterGate Fund.

### *Trade Aggregation*

In circumstances where CenterGate is trading in public securities it will, to the extent possible, generally place a combined order for two or more CenterGate Funds engaged in the purchase or sale of the same security if, in its good faith determination, joint execution would be consistent with its duty to seek best execution, consistent with the terms of the participating CenterGate Funds' Governing Documents, and otherwise in the best interest of the CenterGate Funds.

## **Item 13 - Review of Accounts**

### *Review of Client Accounts*

CenterGate will continuously monitor portfolio investments on behalf of the CenterGate Funds. Investments are reviewed in the context of each CenterGate Fund's stated investment objectives and guidelines as set forth in the Governing Documents of each CenterGate Fund. Members of CenterGate's investment committee meet regularly to determine and review overall investment objectives, risk tolerance and other information relevant to the CenterGate Funds.

### *Reports to Clients*

The general partners of each CenterGate Fund distribute quarterly and annual written reports to their respective limited partners. Annual reports generally contain an individual capital account statement as of the end of such fiscal year, a listing of investments held by the CenterGate Fund and the audited financial statements of the CenterGate Fund. The quarterly reports generally contain unaudited financial statements of the CenterGate Fund for the fiscal quarter.

Investors are requested to refer to the Governing Documents of each CenterGate Fund for further information on the reports provided by a particular CenterGate Fund to its investors.

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

### *Economic Benefits Received from Third Parties*

From time to time, in connection with investments made by certain CenterGate Funds, CenterGate or its affiliates or supervised persons may receive directors, consulting, monitoring, investment banking, transaction, break-up and/or similar fees or other remuneration paid in cash or in kind from portfolio companies in which one or more of the CenterGate Funds may invest or propose to invest.

These types of arrangements present potential conflicts of interest and provide CenterGate with an incentive to recommend investments based on compensation received rather than the best interests of a CenterGate Fund. To mitigate potential conflicts of interest, CenterGate will generally offset such benefits against advisory fees payable by the applicable CenterGate Fund or otherwise remit such benefits to the limited partners of such CenterGate Fund to the extent required by such CenterGate Fund's Governing Documents. Investors are requested to refer to the Governing Documents of each of the CenterGate Funds for complete information on the additional compensation received by CenterGate or its affiliates or supervised persons in connection with a particular CenterGate Fund's investments.

and the amount of the applicable advisory fee offset. CenterGate believes that the management fee offset provisions above, to the extent applicable to a particular CenterGate Fund, and the substantial equity commitment by CenterGate and its affiliates in the CenterGate Funds helps to mitigate conflicts of interest arising from the receipt by CenterGate and its affiliates and supervised persons of such compensation from portfolio companies.

#### *Third Party Compensation for Client Referrals*

CenterGate and related entities of CenterGate may enter into cash compensation arrangements with unaffiliated placement agents or other third parties for introducing investors to a CenterGate Fund. Any sales charge associated therewith will ultimately be payable by CenterGate and/or its related entities, either directly or through an offset of the advisory fee payable by the relevant CenterGate Fund to CenterGate. An investor will not bear any additional charges as a result of an introduction through a placement agent or other unaffiliated third party. Moreover, as described above, CenterGate may consider referrals of investors to the CenterGate Funds in determining its selection of third-party service providers.

CenterGate endeavors at all times to put the interests of the CenterGate Funds first as part of CenterGate's fiduciary duty. Nevertheless, the receipt of compensation by the placement agents creates a potential conflict of interest, and may affect the judgment of placement agents when making referrals to CenterGate and the CenterGate Funds.

#### **Item 15 - Custody**

CenterGate uses unaffiliated, qualified, third-party custodians to hold the assets of the CenterGate Funds in a manner that it believes complies with current SEC standards and guidance. Nevertheless, CenterGate will generally be deemed to have custody of the assets of the CenterGate Funds as a result of its position as an affiliate of the general partner of each CenterGate Fund.

It is CenterGate's general policy to cause each CenterGate Fund with assets over which CenterGate is deemed to have "custody" to be audited annually and distribute audited financial statements, prepared, subject to any limitations in the relevant Governing Documents, in accordance with U.S. generally accepted accounting principles ("GAAP"), to investors no later than 120 days after the end of each fiscal year. In addition, upon the final liquidation of any such CenterGate Fund, CenterGate will obtain a final audit and distribute audited financial statements prepared in accordance with GAAP with respect to such CenterGate Fund to all investors in accordance with the relevant Governing Documents. For these CenterGate Funds, investors will not receive account statements from the bank or other qualified custodian holding physical custody of such CenterGate Fund's securities.

In the cases where a CenterGate Fund does not deliver audited financial statements to investors as provided above, a qualified custodian will send quarterly account statements to each investor in such CenterGate Fund. Investors should review these account statements carefully. If CenterGate, on behalf of the CenterGate Fund, also provides investors in such CenterGate Fund with a quarterly report detailing account holdings for such CenterGate Fund, investors are urged to compare the account statements received from the CenterGate Fund with account statements received from the qualified custodian.

#### **Item 16 - Investment Discretion**

Subject to the investment objectives, policies and restrictions of each CenterGate Fund as set forth in the Governing Documents of such CenterGate Fund, CenterGate and/or an affiliate of CenterGate, typically the general partner of the applicable CenterGate Fund, has discretionary authority to determine the type, amount and price of securities and investments to be bought and sold on behalf of each

CenterGate Fund. CenterGate is provided with this authority pursuant to a limited power of attorney granted via the applicable Governing Documents.

The terms upon which CenterGate serves as an investment manager with respect to any CenterGate Fund are established at the time that such Fund is formed and generally are set forth in such CenterGate Fund's Governing Documents. CenterGate's investment advice is provided directly to the Funds and not to investors in the CenterGate Funds individually. CenterGate is not required to contact investors in the CenterGate Funds prior to transacting any business for the CenterGate Funds.

To invest in a CenterGate Fund, an investor must execute a subscription agreement (or similar agreement) with such CenterGate Fund. Investors in a CenterGate Fund may seek to impose limitations on CenterGate's authority with respect to such Fund through "side letter" or similar agreements, and CenterGate, in its discretion, may choose to accept limitations or restrictions that it considers to be reasonable and consistent with the general investment strategy described in such CenterGate Fund's Governing Documents.

#### **Item 17 - Voting Client Securities**

Because CenterGate has, or will accept, authority to vote securities held by a CenterGate Fund, it has adopted policies and procedures (the "Proxy Voting Policies and Procedures") that have been designed to ensure that CenterGate complies with the requirements of the Advisers Act and reflect CenterGate's commitment to vote all client securities for which it exercises voting authority in a manner consistent with the best interest of the CenterGate Funds.

When exercising its voting authority over client securities, CenterGate considers all relevant information, evaluates other issues that could have an impact on the value of the security and votes with a view toward maximizing overall value. CenterGate votes all proxies in a prudent manner, considering the prevailing circumstances at such time, and in a manner consistent with the Proxy Voting Policies and Procedures and CenterGate's fiduciary duties to the CenterGate Funds.

CenterGate 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 CenterGate Fund. As a result, depending on the CenterGate Fund's particular circumstances, CenterGate may vote one CenterGate Fund's securities differently than it votes those of another CenterGate Fund, or may vote differently on various proposals, even though the securities or proposals are similar (or identical). In some instances, CenterGate may determine that it is in a CenterGate Fund's best interest for CenterGate to "abstain" from voting or not to vote at all, and will do so accordingly.

Prior to exercising its voting authority, CenterGate, in consultation with its managing partner, the CCO and outside counsel, as appropriate, reviews the relevant facts and determines whether or not a material conflict of interest may arise due to business, personal or family relationships of CenterGate, its owners, its employees or its related persons, with persons having an interest in the outcome of the vote. If a material conflict exists, CenterGate takes steps to ensure that its voting decision is based on the best interests of the applicable CenterGate Funds and is not a product of the conflict. CenterGate may, at its discretion, (A) seek the advice of the applicable advisory committee in voting such security (if any); (B) disclose the conflict of interest to the limited partners of the CenterGate Fund and defer to the CenterGate Fund's voting recommendation; (C) defer to the voting recommendation of an independent third party provider of proxy voting services; and/or (D) take such other action in good faith (in consultation with CenterGate's outside counsel) which would serve the best interest of the CenterGate Fund. Depending on the particular circumstances involved, the appropriate resolution of one conflict of interest may differ from the resolution of another conflict of interest, even though the general facts underlying both conflicts may be similar (or identical).

CenterGate will deliver to each limited partner of a CenterGate Fund, upon written request, a complete copy of its Proxy Voting Policies and Procedures and/or information on how it voted proxies for the applicable CenterGate Fund.

**Item 18 - Financial Information**

CenterGate has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.