

**Item 1. Cover Page**

**CIMARRON HEALTHCARE CAPITAL, LLC**

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**Part 2A of Form ADV  
(The “Brochure”)**

March 30, 2023

This Brochure provides information about the qualifications and business practices of Cimarron Healthcare Capital, LLC (the “Adviser”). You should have received a copy of the Brochure. If you have not received the Brochure or if you have any questions about the contents of this Brochure, please contact Matthew Stoker, Chief Compliance Officer, at 385-275-0750 or [mstoker@cimarronhc.com](mailto:mstoker@cimarronhc.com). The information in this brochure has not been approved or verified by the SEC or by any state securities authority.

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

## **Item 2. Material Changes**

There have been no material changes since the last filing, dated June 29, 2022.

Our current and future investors are encouraged to read this Brochure, as well as all of the governing documents applicable to their current and prospective investment, in their entirety. To receive an additional current copy of this Brochure free of charge, please contact Matthew Stoker at 385-275-0750.

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#### **Item 4. Advisory Business**

Cimarron Healthcare Capital, LLC (“Cimarron”), a Delaware limited liability company founded in 2014, is an investment management company which, directly and through its affiliates and subsidiaries provides investment management and advisory services to a series of private funds (each a “Fund” or a “Client” and collectively, including any future pooled investment vehicle for which Cimarron may serve as an investment adviser, the “Funds”, “Clients” or “Client Accounts”). While most Funds focus primarily on equity investments primarily in the private healthcare market in the U.S. and abroad, such Funds may also make investments in publicly traded securities. James Nadauld holds a controlling interest in Cimarron and is the firm’s managing partner.

Cimarron follows the investment objectives, strategies and guidelines of each Fund as specified in its governing documents but does not tailor its investment advice to match the needs of any investor in a Fund.

As of December 31, 2022, Cimarron has approximately \$367,620,111 in regulatory assets under management on a discretionary basis.

The Adviser does not currently provide investment advisory services to clients apart from its management of the Funds and does not participate in wrap fee programs. The Adviser may, from time to time in the future, serve as the investment adviser or management company for additional funds or other accounts.

#### **Item 5. Fees and Compensation**

The fees and expenses that are applicable to an investment are set forth and agreed to in each Client’s governing documents, which may include a private offering memorandum, limited partnership agreement, subscription and operating agreement, and investment management agreement or other agreements (collectively, the “Offering Documents”). Investors and prospective investors must carefully review the Offering Documents of the Client in which they are invested or may invest, to review the specific fees and expenses applicable to their investment.

The Adviser or any of its respective affiliates, shall have the right to contract for and receive management fees (based on a percentage of assets under management) from the Clients in connection with the activities of the Adviser. The terms of these fees range among the Clients, and the details for each Client are set forth in the relevant Offering Documents. Whether these fees are paid in arrears or in advance is determined by the investment terms applicable to a specific Client and set forth in its Offering Documents.

The Adviser and its affiliates and their respective employees have received certain of the following fees and may in the future receive, transaction, consulting, advisory, directors’, monitoring, break-up or similar fees associated with investments or prospective portfolio investments or commitments made by a Fund (“Other Fees”). Generally, a Fund’s share of such Other Fees will first be used to pay unreimbursed related expenses, and, thereafter, 100% of each limited partner’s pro rata share (generally determined in accordance with commitments, or funded commitments, as applicable) of any such remaining Other Fees received by the Adviser or any of its affiliates will be applied to reduce, on a dollar for dollar basis, future payments of the management fee in respect of such limited partner (but not below zero).

Cimarron has, and may in the future, in its sole discretion, waive or modify management fees (and performance fees as described below) for affiliates, operating partners, members or employees of the Firm of certain clients’ general partners.

In addition, expenses incurred by the Adviser or its affiliates in connection with proposed or actual portfolio investments in, or the provision of services to, portfolio companies have been, and may continue to, be

reimbursed by such portfolio companies rather than being borne by the Adviser or a Fund, as applicable. In the event the aggregate amount of such Other Fees applied against the management fee during a fiscal year exceeds the management fee for such fiscal year, the excess will be carried forward to reduce the next payment(s) of the management fee.

Subject to the terms of the relevant Client's Offering Documents, generally, the Client shall pay for any and all expenses, costs and liabilities incurred by the Client including but not limited to: (a) the organization and maintenance of any alternative investment vehicle, holding vehicle, blocker corporation or underlying partnership, including documentation related thereto; (b) all expenses, costs and liabilities incurred in connection with the identifying, evaluating, structuring, negotiating, making, acquiring, holding, monitoring, sale, proposed sale, other disposition or valuation of portfolio investments and temporary investments or prospective portfolio investments and temporary investments (including due diligence in connection therewith), including, but not limited to, legal, administrative, research, due diligence, accounting, consulting, audit, travel (which, in the case of air travel, may be first or business class or, under certain limited circumstances, charter travel), lodging (which may include luxury class accommodations), meals (including meals with portfolio company or prospective portfolio company management), entertainment, investment banking fees, other professional fees, underwriting commissions and discounts, research expenses and other investment costs and expenses incurred in connection with the employment of any selling agent, broker, placement agent or finder (other than placement agent fees payable in connection with the sale of interests in such Client) and the attendance at conferences in connection with the evaluation of future investments or specific sectors or industries solely to the extent that such conferences are in furtherance of such Client's business; (c) all expenses and costs incurred as a result of a proposed transaction or investment by such Client that is not consummated, to the extent not reimbursed by a third party, including (i) break-up fees paid by such Client in connection therewith, (ii) fees associated with researching such proposed transaction or investment (including third party advisor fees, travel, lodging, meals and entertainment) and (iii) expenses and costs related to unconsummated co-investments that would have been allocable to co-investors had such proposed transaction or investment been consummated, if the amount allocable to such co-investors is not paid by such parties; (d) indemnification and insurance expenses, including indemnification expenses associated with service providers, the costs and expenses of any litigation (including damages), investigation or reviews or other extraordinary events involving such Client, D&O liability, professional liability and other insurance and indemnity expenses, including the amount of any judgments or settlements paid in connection therewith; (e) all taxes, interest, fees and other governmental or regulatory charges (including any penalties thereon) levied against such Client, except to the extent such amounts are (i) allocable to or indemnifiable by an investor and (ii) actually borne or paid by such investor; (f) expenses incidental to the transfer, servicing and accounting for such Client's cash and securities, including all charges of depositories and custodians, (g) all expenses incurred by the tax matters representative or any similar role, as applicable, within the meaning of the U.S. Internal Revenue Code of 1986, as amended from time to time, and applicable state, local or non-U.S. tax law in its capacity as such, and all expenses incurred in connection with any tax audit, investigation, settlement or review of the such Client, (h) expenses and costs related to communications (including any software or online data portal used in connection with reporting and any expenses incurred in connection with webcasts, video conferencing or similar technology services), (i) all expenses and costs of meetings of investors, including the annual meeting of investors (including accommodation, meal, event and similar expenses and costs related thereto); (j) all reasonable expenses and costs of the Client advisory committee in connection with their services, including, without limitation, travel expenses in connection with attendance at Client advisory committee meetings and expenses associated with such meetings; (k) brokerage commissions, custodial expenses, appraisal fees and other investment costs actually incurred in connection with prospective portfolio investments, portfolio investments and temporary investments; (l) all expenses and costs of winding up or liquidating such Client; (m) all expenses and costs incurred in connection with all subsidiaries of such Client or the Adviser, and other vehicles and special purpose entities through which investments are held or managed, including the costs associated with establishing, administering, managing, winding up and

dissolving such entities and maintaining a permanent residence in certain jurisdictions (in each case, such as rent for office space, related overhead, board of directors' expenses and employee salaries and benefits); (n) all expenses and costs incurred in connection with the maintenance of such Client's books of account and the preparation of audited or unaudited financial statements required to implement the provisions of its Offering Documents or required by any governmental authority with jurisdiction over such Client (including, without limitation, fees and expenses of independent auditors, accountants, administrators and counsel, the costs and expenses of preparing and circulating any reports and any software or online data portal used in connection with such reporting and any fees or imposts of a governmental authority imposed in connection with such books and records and statements) and other routine administrative expenses of the Partnership or its subsidiaries, including, but not limited to, the cost of the preparation of tax returns, cash management and valuation expenses and insurance and legal expenses; (o) all expenses and costs (including interest payments) incurred in connection with any indebtedness or bridge financings of such Client, guarantees or other credit arrangement (including any line of credit, loan commitment or letter of credit for such Client or related to any portfolio investment (or any underlying asset)); (p) all expenses relating to a defaulting investor; (q) expenses incurred in connection with administering and compliance with side letters entered into with investors, including summaries thereof, and any revisions or amendments to any side letter; (r) expenses incurred in connection with the "most favored nations" election process with investors (including the preparation of any compendium related thereto); (s) all expenses and costs incurred in connection with any restructuring or amendments to the constituent documents of such Client and related entities, including its general partner and the Adviser, to the extent necessary to implement a restructuring or amendment of such Client's documents; (t) expenses incurred in connection with distributions to investors; (u) all expenses and costs incurred in connection with anti-money laundering or "know your customer" compliance, tax diligence or related procedures (including in relation to the initial onboarding and admission of investors); (v) all expenses and costs related to any depositary, custodian, paying agent, trustee, rating agent or transfer agent; (w) all expenses and costs incurred in connection with the collection of any amounts due to such Client from any person; (x) all expenses and costs associated with the maintenance and operation of such Client's general partner; and (y) all expenses and costs incurred in connection with regulatory compliance applicable to such Client or any alternative investment vehicle and incurred in connection with any regulatory filings required to be made in respect of such Client or any alternative investment vehicle (including Form PF) and those expenses related to such Client's Alternative Investment Fund Managers Directive compliance (other than those relating to the offering of interests in such Client).

Fees and expenses are deducted from Client accounts and are generally not negotiable. Cimarron will have a potential conflict of interest in allocating certain expenses among funds advised by Cimarron. The allocation of expenses will inherently require judgment and there can be no assurance that a Fund will not bear a disproportionate share of expenses.

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

The Adviser's receipt of performance fees in the form of carried interest is intended to align the Adviser's interests with those of the Funds and to provide the Adviser with a greater incentive to manage assets well. The nature of the performance fee, however, creates a potential conflict of interest among the Adviser, its associated persons, and its Clients. As Cimarron has multiple Clients, at times it has, and may in the future, need to allocate investment opportunities of limited availability across its Client Accounts. In such situations, some accounts may offer higher management and performance-based fee potential than others. Cimarron has an incentive to favor accounts for which it receives higher performance-based fees since it may receive a greater profit if the investment generates a positive return.

To ensure equitable treatment of all Clients irrespective of such fee considerations, Cimarron has adopted an investment allocation policy that sets out the criteria for determining allocations, including consistency

with Offering Document terms, investment objective and strategy, existing portfolio composition and available liquidity.

## **Item 7. Types of Clients**

As described in Item 4, Cimarron provides investment management services primarily to private fund Clients. Investors in these vehicles include or may in the future include (but are not/will not be limited to):

- individuals;
- pension and profit sharing plans (domestic and foreign);
- segregated accounts formed by insurance companies;
- family offices;
- trusts, estates, charitable organizations, foundations and endowments; and
- limited liability companies and corporations.

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

The Adviser is a private equity firm focused on healthcare companies and other special situations in the lower middle market.

### *Risk Factors*

Investing involves significant risks and is suitable only for persons who can bear the economic risk of the loss of their entire investment, have a limited need for liquidity in their investment and meet the conditions set forth in Offering Documents. There can be no guarantee that a particular level of return will be achieved. Accordingly, investors should give careful consideration to the following risk factors in evaluating the merits and suitability of the Adviser's strategies. The following should not be considered and does not purport to be a summary of all the risks associated with the Adviser's investment strategies. Rather the following are risks which the Adviser reasonably believes to be material or unique relative to the particular investment strategies or methods the Adviser employs. A description of risks relevant to a Client can be found in the Offering Documents. Investors should consult their own legal, tax and financial advisors, prior to making an investment in a Client, or engaging the Adviser as a manager.

Some material risks specifically applicable to the Adviser's investment strategy and securities its Clients invest in include, but are not limited to:

***Healthcare Sector.*** The Clients intend to invest in the securities of issuers in the healthcare sector, which investments involve substantial risks, including: (i) the fact that certain companies in the portfolio of such Client may have limited operating histories; (ii) the fact that the scarcity of management and marketing personnel with appropriate scientific or medical training may result in slow or impeded growth of a company; (iii) the possibility of lawsuits related to patents or products; (iv) obsolescence of products; (v) change in government policies; (vi) changes in investor sentiments and preferences with regard to healthcare sector investments (some of which are generally perceived as risky); (vii) volatility in the U.S. stock markets that affects the prices of healthcare company securities resulting in substantial volatility in the performance of such Client; (viii) the difficulty and burden of securing intellectual property rights in the field of medical devices, diagnostics, pharmaceuticals and biotechnology; and (ix) the fact that many companies in the healthcare sector are subject to extensive government regulation.

***Impact of Government Regulation, Reimbursement and Reform.*** The healthcare industry is (or may become) (i) highly regulated at both the federal and state levels in the United States and internationally and

(ii) subject to frequent regulatory change. Certain segments may be highly dependent upon various government (or private) reimbursement programs. While the Clients intend to invest in companies that seek to comply with applicable laws and regulations, the laws and regulations relating to the healthcare industry are complex, may be ambiguous or may lack clear judicial or regulatory interpretive guidance. An adverse review or determination by any applicable judicial or regulatory authority of any such law or regulation or an adverse change in applicable regulatory requirements or reimbursement programs could have a material adverse effect on the operations and/or financial performance of the companies in which the Clients invest. The healthcare industry has been, and will likely continue to be, significantly impacted by recent legislative changes, and various U.S. federal, state or local or non-U.S. legislative proposals are introduced from time to time, which, if adopted, could have a significant impact on the healthcare industry in general and/or on companies in which the Clients may invest. Additionally, the SEC has recently proposed new rules that, if adopted, would limit or prohibit certain existing practices of private fund advisers like Cimarron and could have a material effect on its business.

**General Business Risk.** Investments in portfolio companies subject the Funds to the general risks associated with the underlying businesses, including market conditions, changes in regulatory requirements, reliance on management at the company level, interest rate and currency fluctuations, general economic downturns, domestic and foreign political situations, such as the conflict between Russia and Ukraine, and other factors, such as the COVID-19 pandemic.

**Inflation Risk.** The rate of inflation in the U.S. and other developed economies has increased rapidly in the past year and there is the possibility of future increases. To combat such increase, the Federal Reserve has begun to increase interest rates, and has indicated it expects to continue to do so. Inflation and rapid fluctuations in inflation rates have in the past had, and may in the future have, negative effects on economies and financial markets. In an attempt to stabilize inflation, governments may impose wage and price controls or otherwise intervene in the economy. Governmental efforts to curb inflation, including increases in interest rates, often have negative effects on the level of economic activity. If inflation were to rise at rates higher than those anticipated in underwriting investments, the effective rate of return on such investments may be reduced. As a result, an unexpected rise in the rate of inflation could have a material and adverse impact on the Adviser and its investments.

**Leveraged Portfolio Companies.** While investments in leveraged portfolio companies offer the opportunity for capital appreciation, such investments also involve a high degree of risk. The portfolio companies may be highly leveraged and, therefore, may be sensitive to adverse business or financial developments or economic factors. Investments in such portfolio companies will be subject to increased exposure to adverse economic factors such as a rise in interest rates, a downturn in the economy or deterioration in the condition of such portfolio companies, and such portfolio companies may be subject to restrictive financial and operating covenants. This leverage may result in more serious adverse consequences to such portfolio companies (including their overall profitability or solvency) in the event these factors or events occur than would be the case for less leveraged companies, and could impair a portfolio company's ability to finance its future operations and capital needs and result in restrictive financial and operating covenants. As a result, such portfolio company's flexibility to respond to changing business and economic conditions may be limited. If such portfolio company is unable to generate sufficient cash flow to meet principal and/or interest payments on its indebtedness or make regular dividend payments, or meet required payment obligations if financial or operating covenants are breached, such portfolio company may default on its loan agreements or be forced into bankruptcy, resulting in a restructuring of such portfolio company's capital structure or liquidation, in which case the value of a Client's investment in such portfolio company could be significantly reduced or even eliminated.

Further, an adverse economic change could result in some lenders imposing more stringent restrictions on the terms of credit or a general reduction in the amount of credit available in the markets in which the



Clients will seek to invest. Any negative impact from tightening of, or adverse changes in, the credit markets may result in (i) an inability to finance the acquisition of investments on favorable terms, if at all, (ii) increased financing costs or (iii) financing with increasingly restrictive covenants. Such changes in turn may negatively impact the performance of a Client's investment in portfolio companies. To the extent there is a lack of reasonably priced debt financing readily available to potential purchasers at the time the Client is ready to dispose of an investment, such circumstances could materially and negatively affect the number of potential purchasers and the prices purchasers are willing to pay such Client for such investment.

***Equity Securities.*** The Clients intend to invest in common and preferred stock and other equity securities, including public and private equity securities. Equity securities generally involve a high degree of risk and will be subordinate to debt securities and other indebtedness of the issuers of such equity securities. Prices of equity securities generally fluctuate more than prices of debt securities and are more likely to be affected by poor economic or market conditions. In some cases, the issuers of such equity securities may be highly leveraged or subject to other risks such as limited product lines, contracts, markets or financial resources. In addition, actual and perceived accounting irregularities may cause dramatic price declines in the equity securities of companies reporting such irregularities or that are rumored to be subject to accounting irregularities. A Client may experience a substantial or complete loss on individual equity securities.

***Debt Investments.*** The Clients are permitted to invest in debt securities, including, without limitation, higher yielding (and, therefore, higher risk) debt securities. Such debt may be secured or unsecured and may be structurally or contractually subordinated to substantial amounts of senior indebtedness. In the event of bankruptcy or liquidation of an issuer of such debt securities, there may not be sufficient proceeds to repay the holders of such debt securities following repayment to the holders of senior indebtedness. Moreover, such debt investments may not be protected by financial covenants or limitations upon additional indebtedness, and there is no minimum credit rating for the Fund's debt investments. In certain cases, such debt will be rated below "investment grade" or will be unrated and face ongoing uncertainties and exposure to adverse business, financial or economic conditions and the issuer's failure to make timely interest and principal payments. The market values of certain debt securities may reflect individual corporate developments. It is likely that a major economic recession could have a materially adverse impact on the value of such debt securities. Adverse publicity and investor perceptions, whether or not based on fundamental analysis, may also decrease the value and liquidity of debt securities. In addition, debt investments are subject to credit and interest rate risks, and generally will lose value as interest rates rise.

***Counterparty and Fraud Risk.*** A Client will be subject to the risk of the inability of counterparties and custodians to perform with respect to transactions or to safeguard assets, whether due to insolvency, bankruptcy or other causes, which could subject such Clients to substantial losses. Of paramount concern when purchasing securities and other assets is the possibility of material misrepresentation or omission on the part of a counterparty. Such inaccuracy or incompleteness may adversely affect the valuation of investments. A Client relies upon the accuracy and completeness of representations made by counterparties but cannot guarantee that such representations are accurate or complete. Under certain circumstances, distributions to a Client may be reclaimed if any such payments or distributions are later determined to have been fraudulent conveyances.

***Illiquid and Long-Term Investments.*** Although certain investments of a Client may generate current income, the return of capital and the realization of gains, if any, from a Client's investments will most likely occur only upon the partial or complete disposition of such investments. While a Client investment may be sold at any time, it is generally expected that the disposition of most of a Client's investments will not occur for a number of years after such investments are made. Usually, a Client will make investments in securities for which there is not a public market at the time of their acquisition. A Client generally will not be able to sell such securities publicly unless their sale is registered under applicable securities laws, or will be able to sell the securities only under Rule 144 or other rules under the Securities Act, which permit only limited

sales under specified conditions. In addition, in some cases, a Client may be prohibited or limited by contract from selling certain securities for a period of time and, as a result, may not be able to dispose of a portfolio investment at a time or price it might otherwise desire to do so. In connection with the disposition of an investment, a Client may agree to purchase price adjustments and may be required to make representations about the business and financial affairs of the portfolio company typical of those made in connection with the sale of a business. A Client may be obligated to fund additional proceeds pursuant to such purchase price adjustments and also may be required to indemnify the purchasers of such investment to the extent that any such representations turn out to be inaccurate. These transactions may ultimately yield funding obligations of a Client that must be satisfied by limited partners to the extent of their unfunded commitments or prior distributions received.

***Investments in Less Established Businesses.*** A Client will likely invest a portion of its uncalled commitments in less established companies. Such investments may involve greater risks than those that are generally associated with investments in more established companies. To the extent there is any public market for the securities held by a Client in any less established companies, 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, often are more vulnerable to financial failure than established companies. Less established companies also typically have shorter operating histories on which to judge future performance and may have negative cash flow. As such, an investment in a less established company is highly speculative and may result in the loss of a Client's entire investment in such company.

***Risks of Midsized or Regional Banks.*** As a result of increasing interest rates, reserves held by banks and other financial institutions in bonds and other debt securities could face a significant decline in value relative to deposits and liabilities which, coupled with general economic headwinds resulting from a changing interest rate environment, creates liquidity pressures at such institutions. This pressure may be greater for midsized or regional banks that have less diversified customer bases or whose customer bases are concentrated in certain industries, as evidenced by the bank runs on the Silicon Valley Bank (SVB) Financial Group ("SVB") and on Signature Bank ("Signature") causing them to be placed into receivership. Because of the nature of the Cimarron's portfolio companies, there is a risk that they will have exposure to midsized or regional banks that face liquidity pressure. As a result of this environment, certain sectors of the credit markets could experience significant declines in liquidity, and it is possible that the Clients will not be able to manage this risk effectively. It is yet to be determined how the bank runs on SVB and Signature will fully impact other financial instruments and broader economy, as well as the overall performance of the Clients and one or more of its investments.

***Investments in Later-Stage Companies.*** A Client will also invest in later-stage companies, which involve different types of risks than less established or growth stage companies. These companies typically have obtained capital in the form of debt and/or equity to expand rapidly, reorganize operations, acquire a new business or develop new products and markets; these activities likely involve a significant amount of change for such companies and could cause significant issues or disruptions in sales, manufacturing and general management of such companies.

***Control Position.*** The relevant general partner will generally seek investment opportunities that allow the relevant Client to have meaningful influence on the management, operations and strategic direction of the portfolio companies in which it invests. The exercise of control and/or meaningful influence over a portfolio company imposes additional risks of potential liability for regulatory non-compliance, environmental damage, product defects, failure to supervise management and other types of potential liability in which the limited liability of such portfolio company may be ignored. The exercise of control and/or meaningful influence over a portfolio company could expose the assets of a Client to claims by such portfolio company, its regulators, its security holders and/or its creditors.

**Board Participation.** The Clients expect to be represented on the boards of directors of certain of its portfolio companies or have its representatives serve as observers to such boards of directors. Although such positions in certain circumstances may be important to the Client's investment strategy and may enhance Cimarron and its affiliate's ability to manage the Client's investments, they may also have the effect of impairing the General Partner's ability to sell the related securities when, and upon the terms, it may otherwise desire, and may subject Cimarron, its affiliates, and the Client to claims they would not otherwise be subject to as an Investor, including claims of breach of duty of loyalty, securities claims and other director related claims. In addition, board participation of companies in similar sectors may be subject to regulatory scrutiny, and should affiliates of Cimarron not be able to serve in a board position, this may have a negative impact on the Clients' investments.

**Non-Controlling Investments.** A Client is likely to hold non-controlling interests in certain portfolio companies, including in the form of marketable securities, debt securities or other debt or equity-like instruments, and, therefore, a Client will have a limited ability to protect its position in such investments. Other investors in such portfolio companies may have economic or business interests or goals that are inconsistent with those of a Client, and a Client may not be in a position to protect the value of its investments in such portfolio companies, which could result in restrictions on a Client's investments being sold or such investments incurring substantial losses. In addition, if a Client takes a non-controlling interest in publicly-traded securities as a "toehold" investment, such publicly-traded securities may fluctuate in value over the limited duration of such Client's investment in such securities, which could potentially reduce returns to limited partners. Therefore, there can be no assurance that a Client will be able to realize the value of any such investments. In addition, although a Client will generally seek board representation in connection with its non-controlling interests, there is no assurance that such representation, if sought, would be obtained. Moreover, there is no assurance that a Client will be successful in obtaining sufficient governance or liquidity rights to protect its interests in respect of these investments.

**Reliance on Key Personnel.** The success of a Client depends in substantial part upon the skill and expertise of certain key individuals providing investment advice with respect to the Fund. There can be no assurance that these key investment professionals will continue to be associated with the General Partner or Cimarron throughout the life of the Fund. The loss of key personnel could have a material adverse effect on the Fund's ability to realize its investment objectives. Competition in the financial services industry for qualified investment professionals and other personnel is intense, and there is no guarantee that the talents of any departing investment professionals could be replaced. The success of the Fund depends on the General Partner's and Cimarron's ability to identify and attract, retain and motivate talented investment professionals and other personnel, including their willingness to provide acceptable compensation arrangements. Such compensation arrangements may provide that an investment professional or other person may, in certain circumstances after the individual is no longer employed or retained by the General Partner or Cimarron, be granted a continuing interest in respect of some or all of the Fund's investments. In addition, such key individuals of the General Partner will have demands made on their time for the investment, monitoring, exit strategy and other functions of the Prior Funds and the Firm.

**Conflicts of Interest.** The Adviser will be subject to various potential conflicts of interest. There will be occasions when the general partner and/or the Adviser, or members thereof, encounter potential or actual conflicts of interest in connection with the structure and operation of the Clients' business, including but not limited to investing in certain portfolio companies personally. Please see Items 11 and 12 for further discussion regarding potential conflicts of interest.

**Concentration of Investments; Potential Lack of Diversification.** Each Fund will participate in a limited number of investments and, as a consequence, the aggregate return of the Fund may be substantially adversely affected by the poor performance of a single investment. Furthermore, the Fund's investments may be concentrated in particular industries, geographic regions, investment sectors or stages of investment,

and the returns of the Fund may be substantially impacted by adverse economic or business conditions or developments in a particular portfolio company, industry, geographic region, investment sector or stage of investment in which the Fund has significant concentration. Although the Fund is not required to invest up to its concentration limit in each portfolio company, because the Fund has the ability to concentrate its investments subject to certain limitations, the overall harmful impact on the Fund of adverse movements in the value of the securities of a single issuer may be considerably greater than if the Fund were not permitted to concentrate its investments to such an extent.

**Cybersecurity Risk.** The Firm, a Fund's service providers and other market participants increasingly depend on complex information technology and communications systems to conduct business functions. These systems are subject to a number of different threats or risks that could adversely affect a Fund and its limited partners, despite the efforts of the Firm and service providers to adopt technologies, processes and practices intended to mitigate these risks and protect the security of their computer systems, software, networks and other technology assets, as well as the confidentiality, integrity and availability of information belonging to a Fund and its limited partners. Such threats may include both intentional and unintentional events including, but not limited to, processing errors, human errors, technical errors including computer glitches and system malfunctions, inadequate or failed internal or external processes, market-wide technical-related disruptions, unauthorized access to digital systems (through "hacking" or malicious software coding), computer viruses, and cyber-attacks which shut down, disable, slow or otherwise disrupt operations, business processes or website access or functionality (including denial of service attacks). Unauthorized third parties may attempt to improperly access, modify, disrupt the operations of, or prevent access to these systems of the Firm, a Fund's service providers, counterparties or data within these systems. Third parties may also attempt to fraudulently induce employees, customers, service providers or other users of the Firm's systems to disclose sensitive information in order to gain access to the Firm's data or that of a Fund's limited partners. A successful penetration or circumvention of the security of the Firm's systems could result in the loss or theft of a Fund's or its limited partner's data or funds, the inability to access electronic systems, loss or theft of proprietary information or corporate data, physical damage to a computer or network system or costs associated with system repairs. Such incidents could cause a Fund, the Firm or their service providers to incur regulatory penalties, reputational damage, additional compliance costs or financial loss. Similar types of operational and technology risks are also present for Portfolio Companies, which could have material adverse consequences for such Portfolio Companies and may cause the Fund's investments to lose value.

## **Item 9. Disciplinary Information**

Cimarron, its subsidiaries or its affiliates, or any of the members, partners, officers or employees of Cimarron, its subsidiaries or affiliates have not been involved in any legal or regulatory action, or other disciplinary event that is material to an Investor's or prospective investor's evaluation of the advisory business or management of Cimarron, its subsidiaries or affiliates.

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

The Adviser does not have any other financial industry activities, affiliations or relationships to disclose in this section.

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

The Adviser has adopted a Code of Ethics (the "Code") that obligates the Adviser and its related persons to put the interests of the Clients before their own interests and to act honestly and fairly in all respects in their dealings with the Clients.

Cimarron maintains a Code which includes policies regarding the trading of securities in personal brokerage or similar accounts by its principals and employees. The Code does not restrict Cimarron principals, members and employees from maintaining or trading in such accounts but establishes that any activity that either abuses confidential knowledge about client accounts or attempts to profit at their expense is considered an abuse of the foundation of trust upon which Cimarron's business is built and is strictly prohibited. Certain personal trades require pre-clearance by the CCO. All Cimarron employees are required to submit annual reports on all covered securities holdings transactions in accounts controlled either directly or indirectly, as well as quarterly transaction reports. Submitted reports are reviewed by the CCO, or his delegate. Employee trading is monitored in order to reasonably detect and prevent violations. Violations of the code of ethics policy are punishable by sanctions including fines and termination of employment.

For additional information about the Code or to request a copy, please contact Matthew Stoker at 385-275-0750 or [mstoker@cimarronhc.com](mailto:mstoker@cimarronhc.com).

All of the Adviser's personnel are also required to comply with applicable federal securities laws. The Adviser, in the course of its investment management and other activities, may come into possession of confidential or material nonpublic information about issuers of securities, including issuers in which the Adviser or its related persons have invested or seek to invest on behalf of a Client. The Adviser is prohibited from improperly disclosing or using such information for its own benefit or for the benefit of any other person, including the Clients. The Adviser maintains written policies and procedures reasonably designed to prohibit the communication of such information to persons who do not have a legitimate need to know such information and to otherwise ensure that the Adviser is acting in compliance with applicable law. In certain circumstances, the Adviser may possess certain confidential or material nonpublic information that, if disclosed, might be material to a decision to buy, sell or hold a security. The Adviser and its personnel are prohibited from communicating such information with respect to the Clients or using such information for the Clients' benefit.

### ***Potential Conflicts of Interest.***

Allocation of Investment Opportunities Among Clients and Allocation of Co-Investment Opportunities. Cimarron serves as the investment manager to a number of private equity funds and will in the future serve as the investment manager to certain other funds or other entities. As such, certain conflicts could arise in the allocation of investment opportunities and in connection with the acquisition and/or disposition of investments by the Funds.

While a Fund's governing documents typically contain certain obligations on the principals to provide certain investment opportunities to such Fund, there are certain exceptions to such obligations and such exceptions may not include specific allocation procedures. To the extent the investment allocation requirements as set forth in a Fund's governing agreements do not include specific allocation procedures and/or allow Cimarron discretion in making allocation decisions, Cimarron takes into account such factors that it determines in its sole discretion to be relevant and will seek to make all allocations of investment opportunities among funds in a fair and equitable manner. Cimarron's allocation decisions will sometimes result in allocation on a non-pro rata basis, and there can be no assurance that a Fund will participate in all investment opportunities available to Cimarron that fall within the Fund's investment objectives. Further, subject to a Fund's investment guidelines and allocation requirements and considerations, in general, no Fund's limited partners have a right to participate in any coinvestment opportunity solely as a result of its investment in such Fund. Each coinvestment opportunity (should any exist) is likely to be different, and the allocation of each such opportunity will be dependent upon the facts and circumstances specific to that unique situation (e.g., timing, industry, size, geography, asset class, projected holding period, exit strategy and counterparty).

Conflicts Related to Purchases and Sales. Potential conflicts will arise when a Fund makes investments in conjunction with an investment being made by other Funds, or in a transaction where another Fund has already made an investment. Investment opportunities may be appropriate for more than one Fund at the same, different or overlapping levels of a portfolio company's capital structure. Potential conflicts arise in determining the terms of investments, particularly if the Funds invest in different types of securities in a single portfolio company. Questions may arise as to whether payment obligations and covenants should be enforced, modified or waived, or whether debt should be refinanced. Decisions about what action should be taken in a troubled situation, including whether or not to enforce claims, whether or not to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any work-out or restructuring may raise conflicts of interest, particularly in Funds that have invested in different securities within the same portfolio company. Certain Clients may invest in bank debt and securities of companies in which other Clients hold securities, including equity securities. In the event that such investments are made by a Fund, the interests of such Fund may be in conflict with the interest of such other Fund, particularly in circumstances where the underlying company is facing financial distress. The involvement of such persons at both the equity and debt levels could inhibit strategic information exchanges among fellow creditors. In certain circumstances, Funds may be prohibited from exercising voting or other rights, and may be subject to claims by other creditors with respect to the subordination of their interest. If additional capital is necessary as a result of financial or other difficulties, or to finance growth or other opportunities, the Funds may or may not provide such additional capital, and if provided, each Fund will supply such additional capital in such amounts, if any, as determined by Cimarron. In addition, a conflict may arise in allocating an investment opportunity if the potential investment target could be acquired by either a Fund or a portfolio company of another Fund. Investments by more than one client of Cimarron in a portfolio company may also raise the risk of using assets of a client of Cimarron to support positions taken by other Clients. Employees and related persons of Cimarron have made or may make capital investments in or alongside certain Funds, and therefore may have additional conflicting interests in connection with these investments. There can be no assurance that the return of a Fund participating in a transaction would be equal to and not less than another Fund participating in the same transaction or that it would have been as favorable as it would have been had such conflict not existed.

Principal Transactions. In connection with Cimarron's management of the Funds, Cimarron and its affiliates may engage in principal transactions. Cimarron has established certain policies and procedures to comply with the requirements of the Advisers Act as they relate to principal transactions, including (i) obtaining any required approvals, including that of the applicable Fund's limited partner advisory board (as required) and (ii) making any disclosures to the applicable Fund(s) required by Section 206 of the Advisers Act.

Carried Interest of the General Partners. Additionally, the existence of the General Partner's entitlement to Carried Interest under the terms of the Fund governing documents creates an incentive for the General Partner or Cimarron to make riskier or more speculative investments on behalf of the Funds than it would otherwise make in the absence of such performance-based arrangement.

The General Partners could be incentivized to continue to hold investments that have poor prospects for improvement in order for Cimarron to receive ongoing management fees in the interim and, potentially, a more likely or larger Carried Interest distribution to the General Partners if such investment's value appreciates in the future. This incentive could be increased by the presence of the clawback obligation of the General Partner, which could incentivize the General Partners to defer disposition of one or more investments or delay the liquidation of a Fund if the disposition and/or liquidation would result in a realized loss to such Fund or would otherwise result in a clawback.

Valuations. Valuation of assets acquired in a Fund investment may be difficult, and there generally will be no established market for these assets. The General Partner's determination of the fair value of an

investment may impact the calculation of Carried Interest distributions to the extent such valuation would result in a net unrealized loss, which could incentivize the General Partner to refrain from writing down such investments. The foregoing is mitigated by the fact that the valuations of Fund investments are reviewed by the Funds' independent public auditors in connection with their annual audit of the Funds. In addition, the General Partner's valuation of securities or other property in connection with a distribution in kind may also impact the calculation of Carried Interest, which could incentivize the General Partner to value the securities or other property above fair value. The foregoing is mitigated by the fact that the General Partner's valuations for purposes of making distributions in kind are reviewed by the limited partner advisory board of the relevant Fund and, if necessary, by an independent, nationally-recognized investment banking firm selected by the General Partner and acceptable to the limited partner advisory board (such acceptance not to be unreasonably withheld). In certain circumstances, the General Partner is permitted, pursuant to the governing agreement of the applicable Fund, to rely on a valuation of a portfolio company that is determined or confirmed by an independent, nationally-recognized investment banking firm or other appropriate independent expert rather than consulting with the limited partner advisory board or the investors regarding certain transactions that may have conflicted elements.

Conflicts Relating to Cimarron. Cimarron has and may in the future, in its discretion, recommend to a Fund or to a portfolio company (in response to a solicitation for a recommendation or otherwise) that it contracts for services with (i) Cimarron or a related person of Cimarron (including but not limited to a Portfolio Company of a fund managed by Cimarron) or (ii) an entity with which Cimarron or a member of their personnel has a relationship or from which Cimarron or its personnel otherwise derives a financial or other benefit. When making such a recommendation, Cimarron may, because of its financial or other business interest, have an incentive to recommend the related or other person even if another person is more qualified to provide the applicable services and/or can provide such services at a lesser cost. Cimarron and its partners, officers, Principals, employees and affiliates ("Adviser Personnel") may in the future buy securities in transactions offered to but rejected by the Fund, or buy securities in transactions that were not available at appropriate levels for a Fund's investment. A conflict of interest could arise to the extent such investing Adviser Personnel benefit from the evaluation, investigation and due diligence undertaken by Cimarron on behalf of a Fund. In addition, officers and employees also buy securities in other investment vehicles (including venture capital funds, hedge funds, real estate funds, private equity funds and other similar investment vehicles), which may include potential competitors of a Fund. The investment policies, fee arrangements and other circumstances of these investments may vary from those of a Fund. If officers, Principals and employees of Cimarron have made large capital investments in or alongside a Fund, they may have conflicting interests with respect to these investments. In addition, subject to a Fund's governing agreements, the Fund from time to time may invest in securities of companies in which officers, Principals, employees and other related persons of Cimarron and its affiliates have previously invested for their own accounts. While the significant interests of the officers and employees of Cimarron generally aligns the interests of such persons with the Fund, such persons may have differing interests from the Fund with respect to such investments (for example, with respect to the availability and timing of liquidity).

Conflicts of interest may occur when the Adviser, or its related persons, including the general partners of certain Funds, invest in the same securities, trade in the same securities at or about the same time, or have a material financial interest in the same securities that the Adviser recommends to its Funds. For example, the Adviser and its related persons may invest their personal funds in the Funds, and, therefore, such persons may hold an indirect interest in the same securities as other investors in the Funds. In addition, certain employees of the Adviser may own securities in their personal accounts that are also recommended by the Adviser to its Funds. The Adviser has established procedures within the Code and a personal trading policy, intended to limit conflicts of interest in cases where the Adviser, a related person or any employee, buys, sells or otherwise has an interest in, securities recommended by the Adviser to its Funds.

## **Item 12. Brokerage Practices**

To the extent the Funds engage in investments involving broker-dealers, Cimarron has discretion over the selection of brokers used for securities transactions in its Funds accounts, and its selection of brokers will take into account the following factors: the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any); the operational efficiency with which transactions are effected, taking into account the size of order and difficulty of execution; the financial strength, integrity and stability of the broker; Cimarron's risk in positioning a block of securities; the quality, comprehensiveness and frequency of available brokerage and research products and other services considered to be of value; and the competitiveness of commission rates in comparison with other brokers satisfying the other selection criteria.

Currently, Cimarron has no formal soft dollar arrangements in place.

### ***Brokerage for Client Referrals***

To the extent applicable, Cimarron may also direct some Client Account brokerage business to brokers who refer investors to its Funds. Because such referrals, if any, are likely to benefit Cimarron but will provide an insignificant (if any) benefit to the Client, Cimarron will have a conflict of interest with its Clients when allocating Client Account brokerage business to a broker who has made such referrals. To prevent Client Account brokerage commissions from being used to pay referral fees, Cimarron will not allocate Client Account brokerage business to a referring broker unless it has been determined in good faith that the commissions payable to such broker are reasonable in relation to those available from non-referring brokers offering services of substantially equal value to the Client Account.

### ***Aggregation of Orders***

To the extent applicable, Cimarron may aggregate orders of its Client Accounts for trade execution and thereafter allocate the securities on an average price basis to such Client Accounts. Transactional expenses are not reduced because of such aggregation. Further, if all orders placed for Funds cannot be fully executed under prevailing market conditions, then the securities traded should be allocated among the Funds on a pro rata basis or in some other equitable manner, taking into account the size of the order placed for each account and any other relevant factors. It is Cimarron's belief that the above-described procedure for aggregating and allocating customer orders is consistent with the SEC's procedures recommending aggregation. Cimarron also believes that aggregation is consistent with its duty to seek best execution for all its Funds.

Cimarron may deem it to be in the best interests of its Funds to reallocate or "cross" securities transactions between Funds. Cimarron maintains policies and procedures intended to limit the potential conflicts of interest inherent in these transactions. Cross transactions will only be effected if they are deemed to be in the best interests of the particular clients involved and will be conducted in compliance with such policies and procedures and applicable law.

## **Item 13. Review of Accounts**

Members of the Adviser's investment team on a daily, monthly or quarterly basis, review and monitor each Client's portfolio to determine whether positions should be maintained in view of current market conditions. The Adviser's review may consider specific securities held, adherence to investment guidelines and the Client's performance. Investors in the Funds receive written statements containing individual net asset values periodically (in all cases, as set forth in the terms of the relevant offering documents).



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

The Adviser does not receive an economic benefit from non-Clients for providing investment advice or other advisory services to the Clients. Cimarron does not compensate any person for Client referrals. Cimarron has and may in the future enter arrangements with unaffiliated third parties whereby compensation is paid for referring investors to the Funds. Generally, these payments are based on a percentage of management fees, performance-based fees, or some combination thereof, earned by Cimarron with respect to such investor. Because such arrangements contain inherent conflicts of interests between the referring party, on the one hand, and the investor, on the other, Cimarron requires documentation that these conflicts have been disclosed and consented to by investors.

#### **Item 15. Custody**

The Adviser will comply with the requirements of the Rule 206(4)-2 of the Advisers Act (“Custody Rule”) with regards to custody of assets of the Clients. The Custody Rule imposes certain obligations on registered investment advisers that have custody or possession of any funds or securities in which any client has any beneficial interest. An investment adviser is deemed to have custody or possession of client funds or securities if the adviser directly or indirectly holds client funds or securities or has the authority to obtain possession of them (regardless of whether the exercise of that authority or ability would be lawful). An investment adviser is generally deemed to have custody if it or its affiliate serves as a general partner to a limited partnership client of the Adviser.

Cimarron is considered to have custody of Client assets as a result of fee payments or the service of its affiliates as general partner to private investment partnerships. Actual custody of Client assets, however, is at a qualified custodian. Cimarron provides audited financial statements to the Funds, prepared in accordance with US GAAP, to all investors in its Funds within 120 days after such Fund’s fiscal year end.

#### **Item 16. Investment Discretion**

As an investment adviser, Cimarron generally has discretionary authority over Client Accounts to determine securities bought and sold and in what quantities, among other things. The specific terms of the scope of such investment discretion is detailed in the relevant Fund’s offering documents.

The Adviser entered into an investment management agreement with each of the Clients, which set forth the scope of the Adviser’s discretion, prior to assuming full discretion in managing the Clients’ assets.

#### **Item 17. Voting Client Securities**

Cimarron has adopted a security voting policy that is guided by its fiduciary responsibilities and commits its principals and employees to vote in a manner which is believed to do the most to maximize shareholder value and to never prioritize unrelated objectives. If a material conflict of interest between the Adviser and the Funds exists, the Adviser will determine whether voting in accordance with the guidelines set forth in the security voting policies and procedures is in the best interests of the Funds or take some other appropriate action. Votes are reviewed by the CCO or his delegate for adherence to this policy, and a copy of both the policy and security voting record is available by contacting the CCO at the number or address listed on the cover of this Brochure.

#### **Item 18. Financial Information**

Cimarron does not require or solicit prepayment of management fees six or more months in advance. Cimarron has no financial condition to disclose that is reasonably likely to impair its ability to meet

contractual commitments to its clients. Additionally, Cimarron has not been the subject of a bankruptcy petition during the past ten years.