

**ITEM 1 – Cover Page**

**Battle Investment Group, LLC**

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**March 27, 2023**

This brochure (“**Firm Brochure**”) provides information about the qualifications and business practices of Battle Investment Group, LLC (“**Battle Group**” or the “**Firm**”). If you have any questions about the contents of this Firm Brochure, please contact us at (404) 400-7755. The information contained in this Firm Brochure has not been approved or verified by the U.S. Securities and Exchange Commission (the “**SEC**”) or by any state securities authority.

The Firm is an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”). Please note that registration with the SEC does not imply a certain level of skill or training.

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

## **ITEM 2 – Material Changes**

A summary of material changes from the previous Battle Investment Group, LLC (“**Battle Group**” or the “**Firm**”) Form ADV Part 2A (or “**Firm Brochure**”) dated March 31, 2022 can be found below:

ITEM 4 – Advisory Business (page 5): assets Battle Group manages on a discretionary basis has been updated to reflect Regulatory Assets Under Management (“**RAUM**”) as of December 31, 2022, which is \$253,621,415.

At least annually, the Firm will provide a summary of the material changes made to its Firm Brochure or a complete copy of the updated Firm Brochure. At any time, you can request a complete copy of the Firm Brochure by contacting us at [info@battleinvestmentgroup.com](mailto:info@battleinvestmentgroup.com). This section describes material changes made to our Firm Brochure since the last annual update.

### **ITEM 3 – Table of Contents**

#### **Page**

ITEM 1 – Cover Page .....	1
ITEM 2 – Material Changes.....	2
ITEM 3 – Table of Contents.....	3
ITEM 4 – Advisory Business .....	4
ITEM 5 – Fees and Compensation.....	5
ITEM 6 – Performance-Based Fees and Side-by-Side Management.....	8
ITEM 7 – Types of Clients.....	9
ITEM 8 – Methods of Analysis, Investment Strategies and Risk of Loss .....	9
ITEM 9 – Disciplinary Information .....	20
ITEM 10 – Other Financial Industry Activities and Affiliations .....	20
ITEM 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	20
ITEM 12 – Brokerage Practices.....	22
ITEM 13 – Review of Accounts .....	22
ITEM 14 – Client Referrals and Other Compensation.....	23
ITEM 15 – Custody .....	23
ITEM 16 – Investment Discretion .....	23
ITEM 17 – Voting Client Securities.....	24
ITEM 18 – Financial Information.....	24

#### **ITEM 4 – Advisory Business**

Battle Group is an Atlanta-based private investment management firm sponsoring institutional-backed investment funds that seek to support the long-term expansion and success of enterprises and management teams operating in the North American defense, government, aerospace, telecommunications, and industrial sectors. Battle Group employs a unique operating model that allows it to maintain a long-term focus and commitment to its core operating principles of partnership, quality, and growth. The Firm strives to be “business builders” and the partner of choice for founders, management teams, and other investment firms seeking liquidity and a growth-oriented partner. The Firm was established in 2015, and the controlling member is David M. Battle, Jr.

Battle Group provides discretionary investment advisory services to multiple private equity funds (collectively, the “**Funds**”) through which it is closely partnered with high-quality, long term-oriented institutional and individual limited partners (“**LPs**” or “**Clients**”). The Firm employs a proactive investment sourcing model that actively seeks situations in which its strategic involvement can materially contribute to and accelerate the organic and acquisitive growth and expansion of its business partnerships. The Firm seeks to leverage its deep industry experience and strategic partner network to create significant value for its portfolio investments.

Attractive scenarios for the Firm include (i) family- or entrepreneur-owned businesses, (ii) employee-owned businesses or ESOPs, (iii) non-core assets or government contract vehicles owned by larger corporations, and (iv) enterprise formation with strategic partners. Target enterprises will most likely have between \$5-100 million of annual revenue, and the Firm seeks to write equity checks of between \$5-20 million, although the Firm has the financial capability to support larger transactions that meet its investment criteria via the use of opportunistic special purpose co-invest vehicles (such co-investment vehicles, “**Co-Invest Funds**”).

Battle Group currently manages two blind pool committed capital funds: Battle Opportunities, LP (2016 vintage; “**Fund I**”) and Battle Opportunities II, LP (2021 vintage; “**Fund II**”). These private investment partnerships (and other Funds managed by the Firm) are open only to eligible investors and are comprised of institutions and families that the Firm trusts and respects. The General Partners of these Funds are Battle Opportunities GP, LLC and Battle Opportunities II GP, LLC, respectively. Both entities are Delaware limited liability companies and are wholly owned and controlled by Battle Investment Group, LLC. References to Battle Group in this Firm Brochure include, as the context requires, any investments affiliates including the general partners of the Funds. And all references to Funds herein are intended to encompass the Co-Invest Funds except when indicated otherwise.

In addition to its two primary Funds, Battle Group has also organized a Co-Invest Fund for the purpose of co-investing alongside a Fund I investment, Dynamic NC Investment Holdings, LP (“**DNIH**”). The Firm may use a similar co-investment strategy in the future to support investments in portfolio companies alongside investments made by the Funds. The General Partner of DNIH is Battle Opportunities GP, LLC.

Battle Group tailors its advisory services to the specific investment objectives and restrictions of each Fund. Investors and prospective investors in the Funds should refer to the confidential private placement memorandum, limited partnership agreement, and other governing documents for each Fund (the “**Governing Documents**”) for more complete information on the investment objectives and investment restrictions with respect to a particular Fund. There is no assurance that any of the Funds’ investment objectives will be achieved. For the avoidance of doubt, the latest applicable Fund limited partnership agreement, as amended from time to time, is the primary governing document if there are any conflicts with other Governing Documents.

The Funds are offered exclusively to accredited investors (as defined in Regulation D under the Securities Act of 1933, as amended) and/or qualified purchasers pursuant to Section 3(c)(1) and usually Section 3(c)(7) of the Investment Company Act of 1940 (as amended, the “**Company Act**”), and are therefore not required to register as investment companies under the Company Act in reliance upon certain exemptions available to private investment funds whose securities are not publicly offered.

In accordance with common industry practice, one or more of the Funds general partners has, and may in the future, 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.

Battle Group manages all client assets on a discretionary basis in accordance with the terms and conditions of each Fund’s Governing Documents. As of December 31, 2022, the amount of assets Battle Group manages on a discretionary basis is \$253,621,415.

### **ITEM 5 – Fees and Compensation**

All investors and prospective investors should review the Governing Documents of each Fund in conjunction with this Firm Brochure for complete information on the fees and compensation payable with respect to a particular Fund. Different Funds may be subject to different management fees and performance-based compensation arrangements. Investors and prospective investors in each Fund should note that similar advisory services may (or may not) be available from other investment advisers for similar or lower fees.

#### *Management Fees – Generally*

Subject to the specific terms set forth in the applicable Fund’s Governing Documents, the annual management fee (“**Management Fee**”) payable by Fund investors is generally: (i) 2.0% per annum based on the aggregate capital commitments of all LPs during the investment period, and thereafter (ii) 2.0% per annum based on the lesser of (A) the amount of the cost basis, or (B) the fair market value of the investments remaining in the Fund. The Management Fee with respect to each year will be payable quarterly in advance on the first day of each calendar quarter, and will be adjusted on a prorated basis for any applicable period less than a full three month period according to the actual number of days in that calendar quarter.

DNIH does not charge its LPs a Management Fee, but its affiliates receive a monitoring fee related to the underlying portfolio company investment.

#### *Performance-Based Fees / Carried Interest – Generally*

Additionally, and subject to the specific terms set forth in the applicable Fund’s Governing Documents, the general partners of the Funds are generally entitled to receive “carried interest” with respect to each Fund, based upon the following waterfall:

- *First*, to the LP until the LP has received cumulative distributions equal to two hundred percent of the aggregate of the capital contributions of that LP attributable to all realized investments;
- *Second*, seventy percent to the LP, and the remainder to the general partner, until that time as the LP has received cumulative distributions equal to a return of four hundred percent of the aggregate of the capital contributions of that LP attributable to all realized investments; and
- *Thereafter*, fifty percent to the LP and the remainder to the general partner.

The general partner of Fund I is entitled to receive carried interest in DNIH on a slightly different structure, and the Firm may be entitled to carried interest fees in future Co-Invest Funds.

### *Timing of Payments; Termination*

As a general matter, Battle Group is authorized under the Governing Documents to charge advisory fees directly to the portfolio companies of the Funds pursuant to the terms of the Governing Documents. Advisory fee payments are generally made quarterly in arrears and in accordance with the terms of the Governing Documents and Advisory Services Agreements in place with each portfolio company.

Battle Group's investment advisory services may be terminated by any of the Funds for Cause (as defined in the Governing Documents) by a majority vote of LPs in that Fund upon written notice to the general partner. Upon the occurrence of any action or inaction which, if adversely adjudicated, would constitute Cause (as determined in good faith by the general partner), the general partner will promptly notify the LPs of such event and a brief summary thereof. The removal of a Fund general partner affiliated with Battle Group may be effected only in accordance with the processes set out in the Fund's Governing Documents. Upon such termination, any prepaid, unearned fees will be promptly refunded by Battle Group, and any earned, unpaid fees will be due and payable by the applicable Fund.

### *Other Fees & Expenses*

In addition to the management fees, performance-based fees, and advisory fees payable to Battle Group (where applicable), the Funds may incur certain charges (subject to any limits set forth in the applicable Governing Documents) imposed by third parties, including but not limited to organizational expenses; any placement fees; any taxes that may be assessed against a Fund; all costs and expenses (including, without limitation, interest on money borrowed by a Fund, the Funds' respective general partners or Battle Group on behalf of a Fund, registration expenses, commissions, finders, brokerage, custodial and other fees) incurred in connection with acquiring, holding and disposing of securities (including any merger fees payable to third parties); all expenses relating to litigation and threatened litigation involving a Fund; expenses attributable to legal, consulting, custodial, auditing, and accounting services provided to the Fund (including, without limitation, expenses associated with the preparation of Fund financial statements, tax returns, and Schedule K-1s); expenses for indemnification incurred pursuant to the Governing Documents; all out-of-pocket fees and expenses incurred by a Fund, Battle Group and its affiliates or the respective Funds' general partners or Battle Group's respective partners, members, managers, officers and employees (without duplication) relating to investment and disposition opportunities for a Fund not consummated (including, without limitation, legal, accounting, auditing, consulting and other fees and expenses) (such expenses "**Broken-Deal Expenses**"); expenses incurred in connection with the managed distribution of marketable securities; expenses incurred in connection with annual or other meetings of the partners, whether individually or as a group; all expenses of a Fund's advisory board incurred pursuant the Governing Documents; and all other nonrecurring or extraordinary expenses attributable to the activities of a Fund. Please refer to the applicable Fund's Governing Documents for a complete description of all fees and expenses bearable by such Fund.

Battle Group sometimes engages the services of certain operating partners and strategic advisors to work actively with Battle Group on providing operational and strategic advice relating to portfolio company matters (including post-investment value creation and serving as interim executives and board members at Fund portfolio companies). These operating partners, who are typically former senior executives with operating experience and/or industry-specific knowledge include persons who may, in the sole discretion of the general partner, be employees of Battle Group or one of its affiliates. The compensation of such individuals varies depending upon a number of variables, including expertise and time commitment to Battle Group and/or services provided to one or more Funds directly or to a Fund's portfolio companies. Such compensation is generally treated as an expense of the relevant Fund or Fund portfolio company (or

portfolio companies, as applicable) and will not offset any management fees (or other fees) received by Battle Group or any of its affiliates, except to the extent services are provided to Battle Group generally and not with respect to services provided directly to a Fund or Fund portfolio company. Since the compensation of such individuals is paid by the Funds or their respective portfolio companies (as opposed to being paid by Battle Group out of its own pocket), this creates incentives for Battle Group to engage the services of such individuals. As a fiduciary to the Funds, Battle Group will engage such individuals only where it believes in good faith that the services of such individuals will add value to the Funds (directly or indirectly).

#### *Timing of Payments*

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

#### *Transaction-Based Compensation*

Neither Battle Group nor any supervised person of Battle Group receives any compensation as broker or agent for the sale of interests in any Fund or the sale of securities or other investment products to any Fund. Please refer to the subsection titled “Economic Benefits Received from Third Parties” below for information on other types of compensation that Battle Group receives from time to time with respect to investments by the Funds.

#### *Allocation of Expenses Amongst Multiple Funds*

Fund expenses pertaining exclusively to a single Fund will be charged solely to that Fund. As noted below in the sub-section entitled “Side-by-Side Management” under **Item 6** below, Battle Group does not typically anticipate engaging in “cross investing” across its Funds, although it may do so as permitted by a Fund’s Governing Documents. As such, except in the case of co-investments (as described in the paragraph immediately below), it is unlikely that any Fund transactional expenses will be associated with multiple Funds. If there is cross investing, any such investing in identical securities at the same time would be on the same terms or be disclosed to affected Fund LP advisory boards (or their equivalent) in advance of any such transaction, in addition to any other required actions per the limited partnership agreements. If a Fund is buying securities from another Fund, such transaction generally requires formal consent from each Fund’s LP advisory board.

In the case of any other expenses relevant to multiple Funds, such expenses will be allocated amongst the relevant Funds in good faith (typically on a pro-rata basis, based on the relative assets under management of such Funds, except where Battle Group, in its sole discretion, deems it equitable and appropriate to utilize a different expense allocation methodology).

Battle Group and its personnel can be expected to receive certain intangible and/or other benefits and/or perquisites arising or resulting from their activities on behalf of the Funds that will neither be subject to an offset against any management fees payable to the Funds nor will otherwise be shared with the Funds and/or portfolio companies. For example, airline travel or hotel stays incurred as Fund or account expenses typically result in cash rebates, “miles,” “points,” or credit in loyalty/status programs, and such benefits and/or amounts will, whether or not de minimis or difficult to value, inure exclusively to Battle Group and/or such personnel (and not the Funds and/or portfolio companies) even though the cost of the underlying service is borne by the Funds and/or portfolio companies.

## **ITEM 6 – Performance-Based Fees and Side-by-Side Management**

As noted above in **Item 5**, the Firm may receive performance-based fees. See **Item 10** below for information regarding certain potential conflicts of interest relating to the Firm’s current Clients, and how such potential conflicts are mitigated.

### *Performance-Based Fees*

Currently, all Funds are subject to performance-based compensation arrangements as discussed above. The performance-based allocation arrangements discussed above comply with Rule 205-3 under the Investment Advisers Act of 1940 (the “**Advisers Act**”). Any such share of profits allocated or distributed to a Fund’s general partner (or affiliates thereof) are separate and distinct from the advisory fees charged by Battle Group for advisory services.

Performance-based allocation arrangements received by affiliates of Battle Group may create an incentive for Battle Group to recommend investments that may be riskier or more speculative than those that would be recommended under a different fee arrangement. Please refer to the Governing Documents of each Fund for more complete information on the performance-based fee arrangements of each Fund.

### *Side-by-Side Management*

Battle Group’s Funds may in the future, but do not currently, have similar investment strategies but be subject to different performance-based compensation arrangements. If that were the case, and Battle Group or an affiliate is entitled to receive a higher percentage of the net profits of one Fund than the percentage that Battle Group or an affiliate receives from another Fund with a similar investment strategy, then Battle Group may have an incentive to favor, or to allocate certain riskier or more speculative investments to, the Fund that is subject to the higher percentage. To alleviate investment-allocation related potential conflicts of interest that could arise from simultaneously pursuing active investments on behalf of two or more Funds with similar/overlapping investment strategies, a Fund’s Governing Documents will typically prohibit Battle Group from calling capital (for fees or investments) from a successor Fund until the earlier of (i) the expiration such current Fund’s investment period or (ii) 70% of the aggregate capital commitments of all LPs has been called for such current Fund.



## **ITEM 7 – Types of Clients**

### *Types of Clients*

As noted above in **Item 4** under “Advisory Business,” all of Battle Group’s investment advisory clients have invested through pooled investment vehicles (i.e., the Funds). The LPs of the Funds may include corporations, endowments, foundations, financial institutions, trusts, estates, fund-of-funds, individuals, and pension and profit-sharing plans. The Funds are offered exclusively to accredited investors and/or qualified purchasers pursuant to Section 3(c)(1) or Section 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 Funds, the securities of which are not publicly offered.

### *Minimum Investment Requirements*

Generally, the minimum commitment requirement required of an investor to invest in a Fund is \$1,000,000. The general partners of each Fund, in their sole discretion, have in the past and may in the future, in their sole discretion, waive or decrease the foregoing minimum commitment requirement on a case-by-case basis.

## **ITEM 8 – Methods of Analysis, Investment Strategies and Risk of Loss**

### *Investment Strategy*

The Firm’s primary investment objective is to generate significant capital appreciation by investing in portfolio companies operating in the North American defense, government, aerospace, telecommunications and industrial sectors. Funds (aside from Co-Invest Vehicles) managed by the Firm expect to invest directly in five to seven portfolio companies per Fund, with each such investment ranging between approximately \$5,000,000 and \$20,000,000, although additional investments may be made in portfolio companies through Co-Invest Vehicles as discussed above. Prospective portfolio companies will generally have revenue between \$5,000,000 and \$100,000,000.

The Firm’s strategy seeks to support the long-term expansion and success of portfolio companies and will execute its strategy generally in accordance with the following operating principles:

- *Partnership* – investments will be made via long-term strategic partnerships with families, entrepreneurs, and enterprises that the Firm trusts and respects.
- *Quality* – the Firm’s approach will be detail-oriented, and its execution philosophy characterized by extensive-preparation, a bias towards action and transparency.
- *Growth* – investments will be pursued when the Firm believes that its investment and strategic involvement in a portfolio company can help support organic growth and business expansion.

The effective implementation of the Firm’s investment strategy requires the following attributes:

- *Disciplined Investment Process* – the Firm will prepare a go-forward business and execution plan with management and other key stakeholders of portfolio companies prior to completing each transaction.
- *Experience & Relationships* – deep operating and investing experience is required to execute the Firm’s investment process, including driving performance post-closing. This is particularly important in the Firm’s target sectors where contracting methods, security requirements, competitive considerations and exit-related issues can be nuanced and multi-faceted.

### *Experience of the Manager*

Battle Group has significant experience working with small- and mid-sized businesses to support their growth, expansion, and success and has developed deep technical competence, relationships, and experience operating in the defense, government, aerospace, telecommunications and industrial sectors. The Firm believes that its experience and relationships provide advantages in generating attractive investment opportunities for the Funds, developing business strategies to maximize available opportunities for growth and value creation, executing these strategies to drive performance post-closing, and developing and pursuing attractive exit outcomes.

The Firm believes that its experience and capabilities in the following areas will enable the Funds to create value via its investments and to successfully execute its strategy:

- developing growth and business strategies;
- supporting new business acquisition and entrance into new markets and geographies;
- adding executives, capabilities, and/or plant and equipment to exploit growth opportunities;
- enhancing enterprise processes required to support accelerated growth (e.g., budgeting, planning, reporting, human resources, information technology, risk management, etc.);
- assessing and executing acquisitions, investments, financings, and strategic transactions;
- bringing products to market; and
- participating in sensitive and cleared markets; ensuring export and regulatory compliance when applicable.

#### *Investment Process*

Successful execution of the Firm's investment strategy involves a disciplined investment process designed to leverage the Firm's experience and knowledge of targeted sectors and situations, and which is organized into five stages as summarized below:

- *Evaluation* – emphasis will be placed on proactive and direct origination of investment opportunities through the Firm's long-standing relationships with executives, entrepreneurs, retired military and government officials, financial intermediaries, and professional advisors who are familiar with the Firm and its investment strategy. Of particular interest will be enterprises with differentiated products, services, and customer reputations that have operated with insufficient capital resources, immature systems/processes, and limited focus on business development and expansion. Additionally, the Firm may seek enterprises capable of utilizing small business designations to support growth, and the Firm has significant experience working through these types of considerations. Once developed, potential investment opportunities will be subject to a screening process. This stage will culminate in the preparation of a draft investment thesis that will consider whether a prospective investment is consistent with the Firm's investment strategy and operational principles.
- *Business Plan Development* – following preliminary evaluation, the next step in the Firm's investment process will involve developing a go-forward business and execution plan. This plan may be developed in consultation with (i) management of a prospective portfolio company, (ii) Firm personnel, (iii) strategic consultants, and/or (iv) third-party advisors (e.g., subject matter experts in targeted sectors or "LEAN" manufacturing). The Firm believes that this stage will allow for the establishment of a strong relationship with management and other key constituencies and will allow for the consideration of value enhancement opportunities that may not be apparent to existing management.

- *Due Diligence Review* – this process will utilize the business plan developed with management and other key stakeholders and will involve (i) confirmatory due diligence in the areas of legal, accounting, tax, insurance, environmental, and employee benefits, (ii) completion of background check investigations on key counterparties and go-forward partners, (iii) preparation of third-party consulting reports detailing the investment thesis and noting possible risks and challenges, and (iv) completion of a final investment memorandum that incorporates the aforementioned items and includes financial models. This stage will culminate in the execution of definitive documentation and closing the transaction.
- *Execution* – the Firm will seek to participate in situations where an opportunity exists to enable business growth and expansion through strategic involvement with a portfolio company. Post-closing operations will entail (i) operational involvement with Firm personnel, (ii) continued participation from third-party advisors where productive, (iii) preparation of an annual 3-5 year strategic plan concurrent with annual budgeting, (iv) recruitment of executives and/or advisory personnel to support strategic planning objectives, and (v) monthly financial review sessions, supported by a detailed financial package that encapsulates pipeline development, key performance indicators, financial performance, and any other identified priorities.
- *Exit* – the business and strategic planning conducted prior to making an investment will be completed with an eye toward maximizing value at exit. The Firm’s preference will be to exit via sales to strategic buyers; however, the Firm’s investment strategy is intended to provide meaningful flexibility with regard to exit.

### *General Risks*

Investments made by the Firm via the Funds will involve a significant degree risk generally, as discussed in more detail in the Governing Documents.

### **General Economic and Market Conditions**

The success of the Funds’ activities will be affected by general economic and market conditions, such as changes in interest rates, availability of credit, inflation rates, economic uncertainty/volatility, changes in laws (including laws relating to taxation of portfolio companies), trade barriers, currency exchange controls, and national and international political circumstances (including wars, terrorist acts, natural disasters pandemics, budget deficit, or security operations). Volatility and/or illiquidity in the financial markets could impair the profitability and/or valuation of portfolio companies and the Funds or result in losses. The Funds could incur material losses even if the Firm or portfolio companies react quickly to difficult market conditions, and there can be no assurance that the Funds will not suffer material losses and other adverse effects from broad and rapid changes in economic and market conditions in the future. Holding periods may also be longer if the rate of realization slows due to the deterioration in market conditions for initial public offerings or a decline in mergers and acquisitions activity.

### **Business and Regulatory Environment**

Legal, tax and regulatory changes could occur that may adversely affect or impact the Funds at any time. The legal, tax and regulatory environment is evolving, and changes to existing laws and regulations may materially adversely affect the ability of the Funds to pursue their investment strategies and the value of the investments held by the Funds. It is impossible to predict what, if any, changes may be instituted with respect to the regulations applicable to the Funds, the General Partner, the Firm, their respective affiliates, the markets in which they operate and invest, the counterparties with which they do business, or what effect such legislation or regulations may have. There can be no assurance that the Funds, the General Partner,

the Firm or their respective affiliates will be able, for financial reasons or otherwise, to comply with future laws and regulations, and any regulations that restrict the ability of the Funds to implement their investment strategies could have a material adverse impact on the Funds and their portfolios. To the extent that the Funds or any investments are or may become subject to regulation by various regulatory authorities or bodies in the United States or abroad, the costs of compliance generally will be borne by the Funds.

Further, regulations under the U.S. Dodd Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”) have added and may continue to add costs to the legal, operational and compliance obligations of the Firm and the Funds and increase the amount of time that the Firm spends on noninvestment-related activities. Regulations adopted under these and other regulations could have a material adverse impact on the potential of the Funds. Among other possible effects, such legislation and regulations could change the functioning of capital markets in unpredictable ways, limit the scope of the Funds’ investment activities, limit access to financing, increase margin or collateral requirements, limit leverage, impose position limits, require disclosure of confidential information, change applicable accounting requirements, impose new taxes, or impose significant administrative burdens, which divert resources, time and attention. Consequently, the Funds may not be capable of, or successful at, preserving the value of their portfolios, generating positive investment returns or effectively managing their risks.

### **Targeted Sector Market Conditions**

The North American defense, government, aerospace, telecommunications, and industrial sectors currently are subject to, and may become subject to additional, regulation by federal agencies and by various agencies of the states, localities, and counties in which they operate. New and existing regulations, changing regulatory schemes and the burdens of regulatory compliance all may have a material negative impact on the performance of portfolio companies operating in these industries. In addition, each of these sectors and the various products they produce is dependent on whether customers view them as a priority with respect to budget allocation, purchase decisions, or otherwise. If customers choose to prioritize other products or programs over those in which the Funds have interests, this may have a material negative impact on the performance of the portfolio companies.

### **Terrorist Attacks, War and Natural Disasters**

Terrorist activities, anti-terrorist efforts, armed conflicts involving the United States or its interests abroad and natural disasters may adversely affect the United States, its financial markets and global economies and could prevent the Funds from meeting their investment objectives and other obligations. The potential for future terrorist attacks, the national and international response to terrorist attacks, acts of war or hostility, pandemics and natural disasters have created many economic and political uncertainties in the past and may do so in the future, which may adversely affect the United States, North American, and world financial markets and the Funds for the short or long-term in ways that cannot presently be predicted.

### **Past Performance**

The Funds are a relatively new entities with a limited performance history for prospective investors to evaluate or review in connection with an investment. The past performance of the Funds is not necessarily indicative of the future performance of the Funds or the profitability of an investment therein. The Funds’ investment programs should be evaluated on the basis that there can be no assurance that the Firm’s assessment of the prospects of investments will prove accurate or that the Funds will achieve their investment objectives. An investment in the Funds will involve a significant amount of risk, including the risk of complete loss.

### **Public Health Emergency**

Any public health emergency, including any outbreak of existing or new epidemic diseases, or the threat thereof, and the resulting financial and economic market uncertainty could have a significant adverse impact on the Funds and the value of their investments, and could adversely affect the Funds' ability to fulfill their investment objectives.

The extent of the impact of any public health emergency on the operational and financial performance of the Funds and their portfolio companies will depend on many factors, including the duration and scope of such public health emergency, the extent of any related travel advisories and restrictions implemented, the impact of such public health emergency government responses on overall supply and demand, goods and services, investor liquidity, consumer confidence and levels of economic activity and the extent of its disruption to important global, regional and local supply chains and economic markets, all of which are highly uncertain and cannot be predicted. The effects of a public health emergency may materially and adversely impact (a) the value and performance of the Funds or (b) the Funds' ability to source, manage, and divest investments and achieve their investment objectives, all of which could result in significant losses to the Funds.

In addition, the operations of the Funds and portfolio companies may be significantly impacted, or even temporarily or permanently halted, as a result of government quarantine measures, voluntary and precautionary restrictions on travel or meetings and other factors related to a public health emergency, including its potential adverse impact on the health of any such entity's personnel.

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

As the use of the Internet and other technologies has become more prevalent in the course of business, private investment funds such as the Funds are more susceptible to operational and financial risks associated with cyberattacks. Cybersecurity incidents can result from deliberate attacks, such as gaining unauthorized access to digital systems (e.g., through "hacking" or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption, or from unintentional events, such as the inadvertent release of confidential information. Cybersecurity failures or breaches of private funds, or their service providers or portfolio companies, have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, the inability of fund shareholders to transact, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, and/or additional compliance costs. While measures have been developed that are designed to reduce the risks associated with cyberattacks, there is no guarantee that those measures will be effective, particularly since neither the Funds nor the Firm directly control the cyber security defenses or plans of their service providers, financial intermediaries, and portfolio companies in which they invest or with which they do business.

### *Investment Risks*

#### **Identification and Execution of Investments**

The Funds' successes will depend primarily upon the Firm's ability to identify and effectuate attractive investments. The following factors should be considered in context of the successful execution of the Funds' investment strategies.

*Competition* – the business of identifying and structuring private investments is highly competitive. The Funds will compete for the acquisition of investments with other investors, some of which will have or may have more resources and/or different investment criteria than the Funds or the Firm. Such competitors may include investment funds as well as individuals, large publicly-traded companies, financial institutions, and

other institutional investors. In addition, the availability of investment opportunities generally will be subject to market conditions as well as, in some cases, the prevailing regulatory or political climate.

*Limited Information* – the business of identifying and structuring private investments involves a high degree of uncertainty and risk. There generally will be little or no publicly available information regarding the status and prospects of companies in which the Funds invest or are considering for investment. Many investment decisions by the Firm will be dependent upon its and its agents’ abilities to obtain relevant information from non-public sources, and the Firm often will be required to make decisions without complete information or in reliance upon information provided by third parties that is impossible or impracticable to verify.

*Expedited Transactions* – investment analyses and decisions by the Firm may be undertaken on an expedited basis in order for the Funds to take advantage of available investment opportunities. In such cases, the information available to the Firm at the time of the investment decision may be limited, and the Firm may not have access to the detailed information necessary for a thorough evaluation of the investment opportunity.

*Market Conditions* – the availability of investment opportunities will be subject to market conditions and certain other factors that will be outside the control of the Firm.

*No Assurance of Success* – identification of attractive investment opportunities is difficult and involves a high degree of uncertainty and competition. There are no assurances that the Funds will be able to find a sufficient number of attractive opportunities to meet their investment objectives and deploy the full amount of their capital commitments. The Funds’ LPs may never be fully invested if the Firm does not identify enough sufficiently attractive investments during their investment periods. However, even if no investments are acquired, the Funds will still have obligations for certain fund expenses, including Management Fees, audits, organizational expenses, legal fees, tax returns, insurance, annual meetings and other operating items, and LPs will be required to contribute capital to pay for such expenses (subject to the Governing Documents).

*Owning the Portfolio Companies with Third Parties* – some of the portfolio companies may be partially owned by parties unrelated to the Funds. As a result, such portfolio companies may experience management, operations, or financing difficulties as a result of the ownership structure and, although the Funds intend to make controlling position investments, it is possible that the Funds will not be able to take certain actions unless other owners agree to take such action.

## **Nature of Investments**

The Funds will invest in equity (control and non-control) and/or debt investments in North American-based defense, government, aerospace, telecommunications, and industrial product- and service-related businesses where the Firm believes opportunities exist to enable business growth and expansion through strategic involvement. The following factors should be considered with regard to the nature of these investments.

*Lack of Market Liquidity* – the Funds will make investments in securities that have limited liquidity. Such investments may typically take from 5 to 10 years from the date of initial investment to reach a state of maturity when partial or complete realization of the investment can be achieved. Transaction structures typically will not provide for liquidity of the Funds’ investments prior to that time. Generally, there will be no readily available market for a substantial amount of the Funds’ portfolio investments. Most investments held by the Funds may not be able to be sold except pursuant to a strategic sale or a registration statement filed under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”), or in accordance

with Rule 144, Regulation D or another exemption under the Securities Act. The market prices, if any, of such investments tend to be volatile, and the Funds may not be able to sell such investments when they desire, or, upon sale, to realize what they perceive to be fair value. Further, companies whose securities are not publicly traded are not subject to the disclosure and other investor protection requirements applicable to publicly traded companies. In light of the foregoing, it is likely that no return from disposition of the Funds' investments will occur until a significant period of time has passed. Furthermore, disposition of such investments may result in distributions in-kind to investors.

*Security Holdings* – the Funds will invest in investments that are comprised of equity or equity-related instruments which, by their nature, involve business, financial, market and/or legal risks. Holders of equity or equity-related investments generally own a residual interest in the applicable portfolio companies and are junior to any obligations owed to the senior or subordinated creditors of such portfolio companies. Additionally, the Funds may invest in bonds, notes, subordinated debt, debentures and other debt-related instruments issued by portfolio companies. These investments may pay fixed, variable or floating rates of interest and may include zero coupon obligations. The Funds may invest in Portfolio Company debt instruments that have experienced or are contemplated to experience ratings downgrades or are unrated.

*Portfolio Concentration* – the Funds may participate in a limited number of investments and, as a consequence, the aggregate return of the Funds may be substantially adversely affected by the unfavorable performance of a single portfolio company. Other than as set forth in the Governing Documents, LPs will have no assurance as to the degree of diversification of the Funds' investments, either by geographic region, relative sizes of investment, asset type or sector. At a particular time, the Funds may have a significant portion or all of their investment capital in only one portfolio investment. In the event the Funds concentrate their investments by company, industry, security, or geographic region, their results will be more susceptible to adverse economic and business conditions. Where the Firm intends to refinance all or a portion of the capital invested in a portfolio company, there is risk that such refinancing may not be completed, which would increase the potential that the Funds will have an unintended long-term capital investment in that portfolio company, leading to reduced portfolio capital diversification.

### **Financial and Business Risks of Portfolio Companies**

Investments made by the Funds will involve a significant degree of financial and/or business risk. The following factors should be considered in this context, among others.

*Small Enterprises* – the Funds will invest in portfolio companies that are small businesses, including some that will be categorized as “small businesses” under U.S. Small Business Administration (“SBA”) rules and regulations. Investments in small companies such as those that the Fund intends to invest in, while often presenting greater opportunities for growth, may also entail larger risks than are customarily associated with investments in medium-sized or large companies. Small companies may have less mature business processes, 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. Businesses that are considered “small businesses” under SBA rules and regulations are also subject to changing government regulations and administrative decisions regarding their size status. Developments in these areas that affect portfolio companies may limit the ability of those companies to win new business. 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 and could make it difficult for the Funds to react quickly to negative economic or political developments.

*Competitive Environment* – portfolio companies also may face intense competition, changing business or economic conditions or other developments that may adversely impact their performance. Business risks may be more significant in small enterprises, particularly those embarking on aggressive growth or

operational turnaround strategies. Certain of the Funds' portfolio companies may have little or no operating histories. Some portfolio companies may operate at a loss or have significant variations in operating results, may be engaged in a rapidly changing business or business environment with products subject to a substantial risk of obsolescence, may require substantial additional capital (which may not be available on attractive terms, if at all) to support their operations, finance expansion, or maintain their competitive position, may be in an early stage of development or may otherwise have a weak financial position. If for any of these or other reasons a portfolio company is unable to generate cash flow to meet its operating expenses and working capital requirements, make principal or interest payments on its indebtedness, or make other required payments on its commitments, the portfolio company's business, financial condition, and prospects could be materially adversely affected and the value of the related investment could be significantly reduced or even eliminated.

*Reliance on Management* – although the Firm will monitor the performance of portfolio companies and generally expects to be actively involved in the management thereof, it will nevertheless rely substantially upon the management teams of such portfolio companies to operate such companies on a day-to-day basis. Consequently, the value of the Funds' investments will be affected significantly by the efforts and decisions of operating management teams. Because of their size and historical needs, many small enterprises must rely heavily on the services of a limited number of key individuals, the loss of any one of whom could significantly adversely affect future performance. However, small enterprises may not always be led by incumbent management teams/founders who possess a broad range of experience or professional managerial skills. Further, key executives/founders may be approaching the ends of their active business careers, requiring (upon retirement) the planned transition to professional management or a next generation of senior managers. In situations where incumbent managers or founders are supplemented with or replaced by professional management teams, operating cultures or key relationships with customers, suppliers, personnel or others might be adversely affected. While the Firm will attempt during the due diligence process to assess the relative capabilities and depth of company managers and will monitor performance over the course of an investment, no assurance is given that these efforts will be sufficient to overcome any decisions made or activities undertaken by management teams or that the supplementation or replacement of operating managers will be successful.

*Capital Structure* – portfolio companies may have third-party debt or other debt-like obligations and therefore be more sensitive to adverse business or financial developments or economic factors. The profitability and survival of portfolio companies may depend on their ability to access sufficient sources of debt at attractive rates, which may or may not be available at any particular time. Further, while the Firm will establish the capital structure of portfolio companies using moderate leverage based upon financial projections for such companies, actual results may vary significantly from the projections. This could result in liquidity constraints and financial difficulties for the portfolio companies.

*Liquidity Requirements* – certain of the Funds' portfolio companies may require additional financing to support their business strategies. The amount of such additional financing needed will depend upon the maturity and objectives of the particular portfolio company. There can be no assurance that the portfolio companies will be able to predict accurately the future capital requirements necessary for success or that additional funds will be available from any source.

*Hedging Policies* – in connection with the financing of certain portfolio investments, the Funds or their portfolio companies may employ hedging techniques designed to reduce the risks of adverse movements in interest rates, securities prices, and currency exchange. While such transactions may reduce certain risks, they may entail certain other risks. Thus, while the Funds may benefit from the use of these hedging mechanisms, unanticipated changes in interest rates, securities prices or currency exchange rates may result in a poorer overall performance for the Funds than if they had not entered into such hedging transactions. As a hedging technique, the Funds or their portfolio companies may also purchase exchange-listed and



over-the counter put and call options on specific securities or write and sell covered or uncovered call and put option contracts. Use of such hedging techniques may result in losses to the Funds, force the sale or purchase of portfolio securities at inopportune times, limit the amount of appreciation the Funds can realize on their investments, or cause the Funds to hold a security it might otherwise sell.

*Portfolio Companies Formed with Strategic Partners* – although the Funds expect many of their investments will be made in companies with existing operations, it may also invest to form enterprises or new business units with strategic partners. Particularly in these scenarios, a major risk exists that a proposed service or product cannot be developed successfully with the resources available to the portfolio company. There can be no assurance that the development efforts of any such portfolio company will be successful or, if successful, will be completed within the budget or time period originally estimated.

*Portfolio Companies With Operations Outside the United States* – to the extent the Funds invest in portfolio companies with substantial operations outside the United States, those investments will be subject to risks associated with foreign investment. These risks may include, but are not limited to, violations of the U.S. Foreign Corrupt Practices Act, potential material adverse effects caused by inflation, currency devaluation, less developed entity and finance laws and regulations, exchange rate fluctuations, repatriation or exchange control regulation, withholding or other taxes, changes in government policies (including foreign investment policy and taxation), social instability and other political, economic or diplomatic developments in such countries. While the Firm intends to manage the Funds in a manner that will minimize exposure to the foregoing risks to the extent practicable, there can be no assurance that adverse developments with respect to such risks will not adversely affect the assets of the Funds that are held in certain countries.

*Portfolio Companies Organized as Pass Through Entities for Tax Purposes* – the Funds may invest in entities, such as limited partnerships and limited liability companies that are treated as pass through entities for tax purposes. Therefore, LPs will be subject to tax on their distributive share of the taxable income of such entities allocated to the Funds, even if they do not receive cash distributions corresponding to such taxable income. LPs must have liquidity from sources other than the Funds to bear such tax liabilities. To the extent such entities are engaged in business in a number of states, LPs may be required to file state tax returns in such states. Investments in such entities are also likely to cause domestic tax-exempt investors to be allocated income subject to unrelated business income tax, and to cause non-U.S. investors to realize income effectively connected with the conduct of a U.S. trade or business. In addition, investing in such entities is expected to cause delays in LPs receiving tax and other financial information from the Funds. Because the Funds' tax returns are predicated on the tax attributes passed through to it by such entities, any delay in receiving tax information from such entities will cause a corresponding delay in dissemination to LPs of the Funds' tax information. LPs should be aware that they may need to request extensions of the deadline for filing their own tax returns.

*Intellectual Property Risks* – many portfolio companies rely on a combination of patent, copyright, trademark and trade secret protection and non-disclosure agreements to establish and protect proprietary rights, including source code. There can be no assurance that the Funds or a portfolio companies will be able to protect these rights or will have the financial resources to do so, or that competitors will not develop technologies substantially equivalent or superior to a company's technologies. Unauthorized access or theft of source code and other proprietary information may make a portfolio company or its products and services more vulnerable to malicious attack. While piracy adversely affects portfolio company revenue, the impact on revenue from outside the U.S. is significant, particularly in countries where laws are less protective of intellectual property rights. The absence of harmonized patent laws makes it more difficult to ensure consistent respect for patent rights. Reductions in the legal protection for software intellectual property rights could adversely affect portfolio companies.

*Lawsuit Risks* – due to the fact that information and technology companies typically provide deliverables to their customers, such companies can be more susceptible to lawsuits from dissatisfied customers compared to other industries. While portfolio companies can insure against such lawsuits, there is no guarantee that such insurance coverage will cover all liabilities incurred in connection with such lawsuits. In the event a portfolio company is required to pay such amounts out of pocket, which could be substantial, the portfolio company's business operations could be adversely affected.

### **Follow-On Investments; Co-Investments**

Following an initial investment in a portfolio company, the Funds may be presented with the opportunity to provide additional capital to such company. Even if such an investment is desired, it is possible that the Funds will have insufficient available capital to act. Any recommendation by the Firm not to make a follow-on investment or any inability of the Funds to fund such an investment could have a material adverse effect on a portfolio company in need of capital, potentially materially adversely affecting LPs.

The Firm, in its discretion, may recommend co-investing in portfolio companies with third parties (including other parties advised by the Firm, or other affiliates of the Firm) through consortiums of investors, Funds, joint ventures, or other similar arrangements. Such investments may involve risks in connection with such third-party involvement, including the possibility that any such third-party may have financial, legal, or regulatory difficulties that have a material adverse effect on such investment, may have economic or business interests or goals that are inconsistent with those of the Funds, may pursue interests inconsistent with those of the Funds, may default on their obligations, and/or may be in a position to take (or block) action in a manner contrary to the relevant investor's investment objective. In addition, an investor may in certain circumstances be liable for the actions of its co-investors. Such investments may involve performance charges, incentive compensation arrangements, and/or other fees payable to such third parties.

### **Exit Considerations & Limited Partner Distributions**

The Funds' preference is to exit via strategic sales to logical strategic buyers; however, the investment strategy provides flexibility with regard to exit. All possible avenues will be pursued; however, the following risk factors should be considered, among others.

*Illiquid Security Holdings* – the Funds will make investments in securities that have limited liquidity. Generally, there will be no readily available market for a substantial amount of the Funds' investments. Most investments held by the Funds may not be able to be sold except pursuant to a strategic sale or a registration statement filed under the Securities Act, or in accordance with Rule 144, Regulation D, or another exemption under the Securities Act.

*Operational Involvement* – the Firm expects that the Funds will acquire control and non-control positions in portfolio companies in which it invests. Officers and employees of the Firm may serve as directors of portfolio companies, possibly (i) exposing the assets of the Funds to claims by such company, its security holders and creditors or (ii) imposing additional risks of liability for environmental damage, product defects, failure to supervise management, violation of governmental regulations and other types of liability in which general limited liability protections are ignored. If these liabilities were to occur, then the Funds, directly, and the LPs, indirectly, would likely suffer losses with respect to Investments. Further, although board positions may be important to the Funds' investment strategies and may enhance the Funds' ability to enable business growth and expansion within their investments, such positions may also have the effect of impairing the Funds' ability to sell or otherwise dispose of an investment (in whole or in part) when, and upon the terms, the Firm may otherwise desire and may subject the Funds and others 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 general, the Funds will indemnify the Firm and its affiliates, officers, advisors, consultants, partners, directors, employees, partners, equity owners, and representatives from any losses associated with such claims.

*Material, Non-Public Information* – from time to time, the Firm and its affiliates or employees may come into possession of material non-public information concerning specific portfolio companies or prospective investment opportunities. The possession of such information may limit or preclude the ability of the Firm to buy, sell or otherwise dispose of the investment or other securities issued by such portfolio companies on behalf of the Funds until such time as the information becomes publicly available. Further, the Funds' investment flexibility may be constrained as a consequence of this inability to use such non-public information for investment purposes.

*Investments Held Longer Than Term* – the Funds may make investments that may not be advantageously disposed of prior to the end of the Funds' terms. Although the Manager generally expects that investments will either be disposed of prior to the end of the Funds' terms or be suitable for in-kind distribution, the Firm may need to sell, distribute or otherwise dispose of investments at disadvantageous times or prices at the end of the Funds' terms or otherwise. In addition, although the Firm generally expects to use commercially reasonable efforts to liquidate all of the Funds' investments to the extent practicable, subject to obtaining fair value for such assets and any tax or other legal considerations, there can be no assurances with respect to the time frame in which the winding up and the final distribution of proceeds to the LPs will occur.

*Contingent Liabilities Upon Disposition of Investment* – in connection with the disposition or realization of an investment, the Funds may be required to make certain representations about the business and financial affairs of the applicable portfolio company that are typical of those made in connection with the sale of a business and may be responsible for the content of disclosure documents under applicable securities laws. The Funds may also be required to indemnify the purchasers of such investment to the extent that any such representations or disclosure documents turn out to be inaccurate or misleading (or to the extent that the portfolio company does not have sufficient assets to cover such liabilities). These and other similar arrangements may result in contingent liabilities, which may ultimately be required to be funded by the LPs to the extent that such LPs have received prior distributions with respect to such investment.

*Bankruptcy of Portfolio Companies* – the Funds may make investments in portfolio companies that may experience financial difficulties and become insolvent or file for bankruptcy protection. Various U.S. federal and state laws in connection with such bankruptcy proceedings could operate to the detriment of the Funds. There is also a risk that a court may subordinate the Funds' investment to other creditors or require the Funds to return amounts previously paid to them by a portfolio company that becomes insolvent or files for bankruptcy, a risk that could increase if the Funds have management rights in such portfolio company.

*No Assurance of Limited Partner Distributions* – there can be no assurance that investments will be profitable or realized or that any distributions will be made to LPs with respect thereto. The marketability and value of investments will generally depend upon factors beyond the control of the Funds and the Firm. Distributions will ultimately depend upon the success of the investments made by the Funds. Distributions also will be subject to the terms and provisions of the Governing Documents, including, without limitation, the establishment of reserves to pay expenses and other liabilities of the Funds. The expenses of the Funds or any investment may exceed their income, and LPs could lose the entire amount of their invested capital. An investment in the Funds should only be considered by persons who can afford a loss of their entire investment.

## **ITEM 9 – Disciplinary Information**

Neither the Firm nor any of its executive officers, members of its investment committees or other “advisory affiliates” as defined in Form ADV has been subject to legal or administrative proceedings or disciplinary events related to their business activities, or otherwise is required to disclose any event required by this **Item 9**.

## **ITEM 10 – Other Financial Industry Activities and Affiliations**

### **Registered Broker-Dealers**

Neither the Firm or its management persons are registered as a broker-dealer or a registered representative of a broker-dealer. In addition, the Firm and its management persons are not affiliated with any broker-dealer, bank or other financial services firm.

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

Neither the Firm or any of its management persons are registered as a registered futures commission merchant, commodity pool operator or commodity trading advisor.

### **Relationships with Related Persons**

As discussed in the subsection titled “Participation or Interest in Client Transactions and Personal Trading,” the Firm and its affiliates are, directly or indirectly, the general partners, limited partners and/or managing members of the general partner of each of the Funds. The Firm and its related persons manage multiple Funds. This can create conflicts in the allocation of time, resources, and investment opportunities among the Funds. Please refer to the Governing Documents of the relevant Fund for complete information on the requisite time commitments (if any) of the Firm and its related persons to the Funds and the allocation of investment opportunities among the Funds.

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

The Firm neither recommends nor selects other investment advisers for its clients nor receives compensation from such advisers in a manner that would create a material conflict of interest. The Firm does not have other business relationships with other advisers that create a material conflict of interest.

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

The Firm has adopted a Code of Ethics (the “**Code**”) pursuant to Rule 204A-1 under the Advisers Act that establishes procedures governing the conduct and securities transactions of each of the Firm’s officers, employees, and supervised persons. The Code is designed to prevent violations of the fiduciary responsibilities owed by the Firm to its Clients. The Code contains provisions relating to the confidentiality of Firm information, a prohibition on insider trading, a discussion of media relations, a policy on gifts and personal securities trading procedures, among other things. Each supervised person of the Firm is required to acknowledge in writing the terms of the Code annually and when it is amended.

The Code is designed to ensure, among other things, that the personal securities transactions, activities and interests of the officers, employees, and supervised persons of the Firm will not interfere with (i) making decisions in the best interest of its Clients, and (ii) implementing such decisions while, at the same time, allowing employees to reasonably invest for their own accounts. Employee trading is monitored under the Code to reasonably prevent conflicts of interest between the Firm and its Clients.

The Firm's Clients and prospective Clients may request to view a copy of the Code by contacting the Chief Compliance Officer, Battle Investment Group, LLC, 3715 NORTHSIDE PARKWAY NW, BUILDING 400, SUITE 385, Atlanta, Georgia 30327.

Conflicts of interest may arise from time to time as a result of the Firm's relationships with their affiliates. For more information on the conflicts that may arise and how they will be addressed, see **Item 10**.

## **ITEM 12 – Brokerage Practices**

### **A. Discretionary Brokerage**

The Funds invest primarily in non-publicly-traded debt and equity securities, although they may acquire, sell or distribute publicly-traded securities on occasion (for example, where a Fund receives shares of a company as part of a general distribution or initial public offering). When selecting private placement opportunities, Battle Group believes it satisfies its best execution responsibilities through careful negotiation of the terms of the investment. With respect to those limited instances in which the Funds purchase or sell or distribute publicly traded securities through a broker-dealer, Battle Group seeks to satisfy its best execution obligation by considering all relevant facts and circumstances, including the price and size of the order, the trading characteristics of the securities involved, the value of the research provided by each broker, the broker's execution abilities, commission rates, and financial responsibility and responsiveness.

### **B. Research and Soft Dollar Benefits**

At present, Battle Group does not have any soft dollar arrangements. Section 28(e) of the Securities Exchange Act of 1934, as amended, is a "safe harbor" that permits an investment manager to use commissions or "soft dollars" to obtain research and brokerage services that provide lawful and appropriate assistance in the investment decision-making process. Except for services that would be a Fund expense or as otherwise described below, Battle Group will limit the use of "soft dollars" to obtain research and brokerage services to services which constitute research and brokerage within the meaning of Section 28(e). The use of commissions arising from the Funds' investment transactions for services other than research and brokerage will be limited to services that would otherwise be a Fund expense. The use of commissions to obtain such other services would be outside the parameters of Section 28(e).

### **C. Brokerage and Client Referrals**

Battle Group does not consider referrals of investors to the Funds in determining its selection of broker dealers or other third parties.

### **D. Trade Aggregation**

Although Battle Group does not often trade in public securities, in such circumstances where more than one Fund is either selling or buying the same type of security, Battle Group will, to the extent possible, generally place a combined order for two or more 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 Funds' Governing Documents, and otherwise in the best interest of the Funds.

## **ITEM 13 – Review of Accounts**

### *Review of Client Accounts*

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

### *Reports to Clients*

Battle Group distributes quarterly and annually written reports to its respective LPs. Annual reports generally contain an individual capital account statement as of the end of such fiscal year, a list of the Funds' investments as of the end of the applicable fiscal year and the audited financial statements of the Funds. The quarterly reports generally contain unaudited financial statements of the Funds, a list of the Funds' investments at the end of the applicable quarter, and the investor capital account balances as of the end of such quarter. Investors are requested to refer to the Governing Documents of each Fund for further information on the reports provided by a particular Fund to its investors.

#### **ITEM 14 – Client Referrals**

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

Battle Group has, and may in the future, enter into compensation arrangements with unaffiliated placement agents or third parties for introducing investors to a Fund. In accordance with the terms of the relevant Fund's Governing Documents, any such placement agent fees will ultimately be payable by Battle Group and/or its related entities, either directly or through an offset of the advisory fee payable by the relevant Fund to Battle Group. A Fund investor will not bear any additional charges as a result of an introduction through a placement agent or other unaffiliated third party. Battle Group endeavors at all times to put the interests of the Funds first as part of Battle Group's fiduciary duties. Nevertheless, the receipt of compensation by a placement agent creates a potential conflict of interest and may affect the judgment of such placement agent when referring prospective investors to Battle Group and the Funds.

#### **ITEM 15 – Custody**

The Firm will not have physical custody of any client assets (other than physical custody of certain privately offered securities held directly or indirectly by the Funds to the extent permitted by the Advisers Act). Nevertheless, Battle Group is deemed to have constructive custody of the assets of the Funds as a result of its position as an affiliate of the general partner of each Fund.

Battle Group's policy is to cause each Fund with assets over which the Firm is deemed to have custody to be audited annually and distribute audited financial statements, prepared 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 Fund, Battle will obtain a final audit and distribute audited financial statements prepared in accordance with GAAP with respect to such Fund to all investors promptly after completion of the audit.

#### **ITEM 16 – Investment Discretion**

Subject to the investment objectives, policies, and restrictions of each Fund as set forth in the Governing Documents of such Fund, Battle Group and its affiliates have discretionary authority to determine the type, amount, and price of securities and investments to be bought and sold on behalf of each Fund, including the selection of, and commissions paid to, broker-dealers (where applicable). Battle Group is provided with this authority via the applicable Governing Documents.

## **ITEM 17 – Voting Client Securities**

Because Battle Group has, or will accept, authority to vote securities held by a Fund, it has adopted policies and procedures (the “**Proxy Voting Policies and Procedures**”) that have been designed to ensure that Battle Group complies with the requirements of Rule 206(4)-6 and Rule 204-2(c)(2) under the Advisers Act, and reflect Battle Group’s commitment to vote all client securities for which it exercises voting authority in a manner consistent with the best interest of the Client.

Battle Group monitors the performance, activities and events related to each investment. When exercising its voting authority over client securities, Battle Group considers such information, evaluates other issues that could have an impact on the value of the security and votes with a view toward maximizing overall value. Battle Group votes all proxies in a prudent manner, considering the prevailing circumstances at such time, and in a manner consistent with these Proxy Voting Policies and Procedures and Battle Group’s fiduciary duties to its Clients.

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

Prior to exercising its voting authority, Battle Group, in consultation with senior professionals, the Chief Compliance Officer 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 Battle Group, its owners, its employees or its affiliates, with persons having an interest in the outcome of the vote. If a material conflict exists, Battle Group takes steps to ensure that its voting decision is based on the best interests of the Client and is not a product of the conflict. Battle Group may, at its discretion, (A) seek the advice of the applicable LP advisory board (or its equivalent) of a Fund in voting such security (if any); (B) disclose the conflict of interest to the Client or the applicable LP advisory board of a Fund and defer to the Client’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 Battle Group’s outside counsel, if necessary) which would serve the best interest of the Client. 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). Battle Group will deliver to each Fund LP upon written request, a complete copy of its Proxy Voting Policies and Procedures and/or information on how it voted proxies for the applicable Fund.

## **ITEM 18 – Financial Information**

The Firm is not required to include a balance sheet for its most recent fiscal year, is not aware of any financial condition reasonably likely to impair its ability to meet contractual and fiduciary commitments to its Clients, and has not been the subject of a bankruptcy petition at any time during the past ten years.