



MiddleGround Management, LP

1500 Aristides Blvd.,
Lexington, KY 40511

March 2023

<https://middleground.com>

This Brochure provides information about the qualifications and business practices of MiddleGround Management, LP (“MiddleGround” or the “Firm”). If you have any questions about the contents of this Brochure, please contact us at 859.721.1466 or mmcclinton@middleground.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

MiddleGround Management, L.P. is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about MiddleGround also is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

This Brochure, dated March 30, 2023, reflects the increase in MiddleGround’s regulatory AUM from \$1.822B to \$2.858B.

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Item 4 – Advisory Business

MiddleGround was originally organized as a Delaware limited liability company on February 13, 2018 named "MiddleGround Capital Partners, LLC" and was converted into a Delaware limited partnership on May 7, 2018. When converted to a limited partnership, it was renamed "MiddleGround Management, L.P." MiddleGround is principally owned by John Stewart and Lauren Mulholland (together with Scot Duncan, the "Management Team").

MiddleGround provides investment advisory services to (i) MiddleGround Partners I, L.P., (ii) MiddleGround Mobility Opportunity Fund, L.P., (iii) Mobility Opportunity Fund, L.P., (iv) MiddleGround Partners II, L.P., (v) MiddleGround Partners II-X, L.P., (vi) MiddleGround Partners II FF, L.P., ("MiddleGround Funds"), and co-investment vehicles (vii), MiddleGround Como Co-Invest Partners, L.P. (the "Como Co-Invest Vehicle"), (viii) MiddleGround Piston Co-Invest, L.P. (the "Piston Co-Invest Vehicle"), (ix) MiddleGround Force Co-Invest Partners II, L.P., (x) MiddleGround Force X Co-Invest Partners, L.P., (the "Force Co-Invest Vehicles"), (xii) MiddleGround Royal Palm Co-Invest Partners, L.P. ("the Royal Palm Co-Invest Vehicle"), (xiii) MiddleGround Checker Co-Invest Partners, L.P. ("the Checker Co-Invest Vehicle"), (xiv) MiddleGround Copper Co-Invest Partners, L.P. ("the Copper Co-Invest Vehicle"), and (xv) MiddleGround Cassette Co-Invest Partners, L.P. ("the Cassette Co-Invest Vehicle"). Each of the co-invest vehicles has been established for co-investment in a single opportunity. An affiliate of MiddleGround holds a small investment in the Piston Co-Investment Vehicle.

MiddleGround previously advised MiddleGround Arbor Co-Invest Partners, L.P. (The "Arbor Co-Invest Vehicle"), a co-investment for a single opportunity with one limited partner, and MiddleGround Partners AC, L.P. (the "AC Investment Vehicle"), an investment vehicle established primarily for the benefit of a single institutional investor. The AC Investment Vehicle's sole investment was contributed to the MiddleGround Partners I, L.P. and the Arbor Co-Invest Vehicle on January 1, 2019.

MiddleGround will no longer make investments through the AC Investment Vehicle and the Arbor Co-Investment Vehicle. MiddleGround may in the future establish and advise additional co-investment vehicles as well as other investment accounts (all such co-investment vehicles and investment accounts collectively with the MiddleGround Partners I, L.P., and MiddleGround Mobility Opportunity Fund, L.P., the "Clients").

The investment objectives and strategy of each Client is, and for future Clients will be, set forth in the governing agreements and/or offering documents for such Clients (collectively, "Governing Documents"). Any restrictions on investments is, and for future Clients will be, contained in each such Client's Governing Documents.

MiddleGround does not participate in any wrap fee programs.

As of December 31, 2022, MiddleGround manages approximately \$2,858,053,570 of regulatory assets under management.

Item 5 – Fees and Compensation

The specific manner in which MiddleGround charges fees for a Client is established in the Governing Documents for such Client. MiddleGround and/or its affiliates generally earn the following compensation from the Clients: (1) a management fee as set forth in the applicable Governing Documents; and (2) performance-based compensation calculated upon a specified percentage of the Client's return on its invested capital.

The management fee (the "Management Fee") is paid to MiddleGround Partners I, L.P., MiddleGround Partners II, L.P., and MiddleGround Partners II FF, L.P., periodically by the Underlying Investors in accordance with the terms of the Client's Governing Documents and is generally 2.0% of committed capital during such Client's investment period and 2.0% of invested capital after the expiration of the applicable Client's investment period. Management Fee rates typically decrease after each relevant vehicle's investment period expires. The Management Fee payable for any payment period that is less than a complete calendar quarter or year, as applicable, shall be calculated on a *pro rata* basis to reflect the actual number of days during such payment period to which the Management Fee relates. MiddleGround may decrease, or waive in whole or in part, the Management Fee for any investor in a Client ("Underlying Investor").

The management fee (the "Management Fee") is paid to MiddleGround Mobility Opportunity Fund, L.P., Mobility Opportunity Fund, L.P. and co-investment vehicles periodically by the Underlying Investors in accordance with the terms of the Client's Governing Documents and is 1.0% of invested capital during both the Investment Period and after the expiration of the Investment Period. Management Fee rates typically decrease after each relevant vehicle's investment period expires. The Management Fee payable for any payment period that is less than a complete calendar quarter or year, as applicable, shall be calculated on a *pro rata* basis to reflect the actual number of days during such payment period to which the Management Fee relates. MiddleGround may decrease, or waive in whole or in part, the Management Fee for any investor in a Client ("Underlying Investor").

All fees are subject to negotiation, and future Underlying Investors may have differing fee arrangements. It is critical that potential Underlying Investors refer to the applicable Client's Governing Documents for a complete understanding of how MiddleGround is compensated

for its advisory services. The information contained herein is a summary only and is qualified in its entirety by such documents.

Organizational Fees and Expenses

As more fully detailed in the applicable Governing Documents, each Underlying Investor is required to bear its *pro rata* share, based on its commitments, of third-party out-of-pocket expenses incurred by the general partner (the “General Partner”) and its affiliates in connection with the organization of a Client. Each Client, is generally subject to a specified limit, is responsible for the organizational fees and expenses incurred in connection with the creation, and the marketing and offering of interests in such Client, including all legal, accounting and filing expenses, printing costs, travel and accommodation expenses, and other related fees and expenses (the “Organizational Expenses”).

Client Expenses

Except as may otherwise be expressly provided in the applicable Governing Documents, each Client pays its Management Fee and is responsible for paying or reimbursing MiddleGround and/or the General Partner (including any other entity serving in a similar managing fiduciary capacity) of each Client directly for all out-of-pocket fund expenses (the “Client Expenses”), which the General Partner of the applicable Client may decrease, or waive in whole or in part, for any Underlying Investor.

Each Client is generally responsible for paying all of its operating, offering and organizational costs (up to certain limits specified in the applicable Governing Documents), including, without limitation, (i) expenses incurred in connection with the evaluation, acquisition, financing, holding, monitoring, hedging or disposition of Client investments (including Client investments that are not consummated), including private placement fees, sales commissions, appraisal fees, brokerage fees, underwriting commissions and discounts, travel expenses, and legal, accounting, investment banking, consulting, information services, and professional fees; (ii) fees and expenses incurred in connection with the carrying or management of a Client's investments, including administrative, custodial, trustee, recordkeeping, and other similar fees; (iii) expenses incurred in connection with the Client's financial statements, tax returns, Schedules K-1, consents and other communications with Partners; (iv) attorneys' and accountants' fees and disbursements (including third-party additional tax preparation expenses); (v) taxes and other governmental charges levied against a Client; (vi) insurance, regulatory compliance, or litigation expenses and damages, including ongoing compliance, regulatory expenses of the General Partner and the Firm and indemnification expenses; (vii) expenses incurred in connection with the winding-up or liquidation of a Client; (viii) expenses relating to defaults by Partners in the payment of any capital contributions; (ix) expenses incurred in connection with any restructuring or amendments to the constituent documents of a Client and related entities, including the

General Partner and the Firm; (x) expenses incurred in connection with the formation of alternative investment vehicles; (xi) "broken-deal" expenses, including legal and other advisory fees (and including, without limitation, broken-deal expenses in respect of co-investors' proportionate share of the applicable unconsummated investment); (xii) expenses incurred in connection with distributions to the Partners and in connection with any meetings of the Underlying Investors called by the General Partner; (xiii) any fees and expenses, including interest expenses, incurred in respect of any financing facility or other indebtedness; (xiv) any costs and expenses required to be paid in connection with any financing facility or other indebtedness to be obtained or assumed in connection with any Client investment, including the legal fees and expenses of lenders' counsel, the fees and expenses of the Client's counsel, broker's fees, lenders' assumption or transfer fees and required reserves; (xv) reimbursement of any reasonable expenses of the LP Advisory Committee (or any Underlying Investors having similar consent rights as an LP Advisory Committee); (xvi) the management fee; and (xvii) any other fee, cost, expense or liability mutually determined by the LP Advisory Committee (or any Underlying Investors having similar consent rights as an LP Advisory Committee), and the General Partner to be related to the affairs of a Client. The "LP Advisory Committee" means, with respect to any Client, the limited partner advisory committee or other similar advisory committee of investors for such Client.

Overhead Expenses

In consideration for the Management Fee, except as set forth above in the sub-section titled "Client Expenses" or as otherwise set forth in the Governing Documents of a Client, the Firm or an affiliate thereof will pay, and each Client will not be obligated to pay, the following expenses related to Client activities: salaries and fringe benefits of professional, administrative, clerical, bookkeeping, secretarial and other personnel of the Firm, excluding operating professionals and support personnel for the operating team (See Operating Partner Section below); rent; office equipment; newspapers and other mass-market periodicals, computer equipment and services; data processing; fire and theft insurance; heat, light, cleaning, power, water and other utilities of any office space maintained by the Firm on its own behalf or on behalf of each Client; stationery; postage; office supplies for the Firm and each Client; bookkeeping services; secretarial services; travel and entertainment; telephone (local and long distance); and any other overhead-type expenses.

Operating Partners

MiddleGround and/or the applicable General Partner expects to engage a number of individuals to serve as operating partners ("Operating Partners") for each Client. Operating Partners will be knowledgeable and skilled individuals with various levels of business experiences, including, but not limited to, analyzing, managing, and operating companies of

the type targeted by a Client. Operating Partners may serve as board members and/or executive officers of portfolio companies or may provide consulting services to such portfolio companies. Operating Partners may be entitled to receive equity interests in the General Partner and/or make investments in the companies acquired by a Client through an appropriate vehicle established by the General Partner. Operating Partners may be on the payroll of the Firm and may participate in any and all benefits plans available to employees of the Firm. Any fees and compensation received by Operating Partners will not be deemed to be transaction fees, and will not reduce or offset Management Fees.

Item 6 – Performance-Based Fees and Side-By-Side Management

In addition to the compensation discussed in Item 5 – Fees and Compensation, the General Partner for each Client, which is (and will generally be expected to be) an affiliate of MiddleGround, is eligible to receive performance-based compensation (“Carried Interest”) from each Client, which will be paid in accordance with the Governing Documents and consistent with Section 205(3) of the Investment Advisers Act of 1940, as amended (the “Advisers Act”), or Rule 205-3 thereunder. The Carried Interest that the General Partner is entitled to in respect of a pooled-investment Client will generally equal 20% of all invested capital subject to an 8% preferred return.

The Carried Interest payable by a Client to an affiliate of MiddleGround may create an incentive for MiddleGround to make riskier or more speculative investments on behalf of a Client than would be the case in the absence of such performance-based compensation. However, this risk is mitigated to some extent due to the following: (1) the payment of Carried Interest is generally based on the success of all investments made by the Client and not any single investment, and therefore MiddleGround’s total Carried Interest would be affected by any single unsuccessful investment; (2) the Carried Interest paid to the General Partner is required to be returned to the applicable Client if such Client has not received its preferred return as of the date of the completion of the liquidation and winding down of the applicable Client; and (3) MiddleGround’s personnel will generally make capital commitments to the Clients, which align its interests with that of its Clients.

Item 7 – Types of Clients

MiddleGround provides discretionary investment management services to its Clients, which currently includes the MiddleGround Partners I, L.P., MiddleGround Partners II, L.P., MiddleGround Partners II-X, L.P., MiddleGround Partners II FF, L.P., MiddleGround Mobility Opportunity Fund, L.P., Mobility Opportunity Fund, L.P. (pooled investment vehicles), and

co-investment vehicles for specific investments, the Como Co-Invest Vehicle, the Piston Co-Investment Vehicle, the Force Co-Invest Vehicles, the Royal Palm Co-Investment Vehicle, the Check Co-Investment Vehicle, the Copper Co-Investment Vehicle, and the Cassette Co-Investment Vehicle. As previously noted in Item 1, the Firm may in the future establish and/or advise additional co-investment vehicles for specific investments and/or other investment accounts. The pooled investment vehicles and co-investment vehicles for specific investments are, and MiddleGround anticipates that its other Clients will be, exempt from registration under the Investment Company Act of 1940, as amended (the "Act").

The anticipated minimum subscription amount for an Underlying Investor in a Client is \$3,000,000. The General Partner, an affiliate of MiddleGround may waive the minimum subscription amount requirement at its sole discretion.

MiddleGround may also manage co-investment vehicles (on behalf of certain Underlying Investors) that invest alongside other Clients in specific portfolio companies.

Underlying Investors in Clients are expected to consist of primarily of family offices, high net worth individuals, and institutions. Such Underlying Investors must meet the requirements for an "accredited investor" under the Securities Act of 1933, as amended (the "1933 Act") and a "qualified client" under the Advisers Act.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

MiddleGround's investment strategy and criteria for each Client is generally to acquire controlling equity stakes in lower-middle market companies in North America. MiddleGround expects that Clients will invest in portfolio companies in the industrial/manufacturing, consumer products and distribution sectors. In addition, MiddleGround also generally expects that each Client (except for co-investment vehicles) will generally acquire one or two portfolio companies each year during its investment period. MiddleGround's Clients invest in businesses that MiddleGround believes present controllable opportunities for operational improvement that can be identified prior to investing capital in such businesses.

MiddleGround focuses on purchasing on behalf of its Clients what it believes to be fundamentally sound businesses at market multiples, self-selecting for investments that are underperforming benchmarks for middle market businesses that will allow the firm to identify and create value creation plans during diligence that MiddleGround believes it can execute with a high degree of certainty.

The use of leverage is expected at the portfolio company level in order to complete certain platform transactions.

Risk Factors

An investment in a Client will entail risks, including, but not limited to, those listed below, and a prospective investor should carefully consider the following summary of certain risk factors below and, if applicable, the risk factors set forth in the Governing Documents for the applicable Client.

- The interests in the Clients (the "Interests") are illiquid and should be acquired only by investors able to commit their funds for an indefinite period of time. There is no public market for the Interests and it is highly unlikely that one will develop. The Interests are not registered under U.S. federal or state securities laws or the securities laws of any other jurisdiction and may not be resold unless they are subsequently registered or enjoy an exemption from such registration. Transfers of Interests are also generally subject to the approval of the applicable General Partner (which may be given or denied in the sole discretion of such General Partner) and satisfaction of certain other conditions set forth in such Client's Governing Documents.
- Substantially all of a Clients' investments will be highly illiquid investments (predominantly in equity securities of private companies). There may be no, or only a limited, market for such securities and such securities may be subject to legal or other restrictions on transfer. The market prices, if any, for such securities may fluctuate due to a variety of factors that are inherently difficult to predict. Accordingly, a Client may not be able to sell its assets when such Client desires to do so or to realize what MiddleGround perceives to be the fair value of such Client's assets in the event of a sale. The sale of illiquid and restricted securities often requires more time and the incurrence of significant selling expense by such Client. Restricted securities may sell at a price lower than similar securities that are not subject to restrictions on resale. In addition, in times of extreme market disruption, there may be no market at all for one or more of the assets held by a Client, potentially resulting in the inability of such Client to dispose of its assets for an indefinite period of time.
- An investment by an Underlying Investor in a Client represents a speculative investment and involves a high degree of risk that clients should be prepared to bear. The business of identifying and structuring private equity transactions is highly competitive and involves a high degree of uncertainty. No assurance can be given that the applicable General Partner will be successful in obtaining suitable investments for a Client, and substantial expenses of a Client may be incurred whether or not investments are made. An investor could lose all or a substantial portion of its investment. Investors must have the financial ability, sophistication/experience and willingness to bear the risks of an investment in such Client. An investment in a Client should be discretionary capital set aside strictly for speculative purposes. Nothing herein is intended to imply that a Client's

investment methodology may be considered "conservative," "safe," "risk free" or "risk averse."

- The Clients may finance their acquisition of portfolio companies by pledging all or a portion of the assets of such companies. If a portfolio company does not generate sufficient cash flow to service its debt obligations, or such portfolio company otherwise breaches a financing covenant, the lender may foreclose on assets owned by such portfolio company (thereby potentially causing an economic loss to such Client) or the financing arrangements of such portfolio company would be restructured in a manner adverse to the economic interests of such Client. In addition, in the event that a portfolio company is unable to satisfy an obligation to a lender that has been guaranteed by a Client, such Client may have to satisfy such guarantee, and any payments made by a Client in connection with satisfaction of such guarantee may result in a loss for a Client or otherwise cause a Client's returns to be reduced.
- Clients will likely hold a relatively small number of platform equity investments in portfolio companies, with the result that unfavorable performance by a portfolio company could have a material adverse impact on a Client's performance.
- The Clients' investment programs entail acquiring controlling positions in lower-middle market companies. The lower-middle market segment is a highly competitive investment sector in which the Clients are competing with other private equity firms. The Clients may have difficulty in identifying investment opportunities, fully deploying their committed capital and/or obtaining suitable investments.
- Additionally, a Client's portfolio companies may face significant competition from other companies operating in the same markets and industries. In addition, there is no guarantee that MiddleGround will be able to execute its business plan and/or value creation plan for each portfolio company that a Client acquires.
- Investments in smaller and middle-market companies of the type the Client targets may be riskier in general than investments in larger companies, and any historical outperformance of investments in smaller companies may relate to this increased risk. In general, as compared to larger companies, lower middle market companies of the type in which the Clients will invest may have more limited financial resources and borrowing options, may be more exposed to general economic downturns and changes in markets and technology, and may be more susceptible to acute financial damage resulting from relatively unpredictable one-time events, such as litigation or the death of a company's founder. Further, the marketplace for the sale of interests in smaller, private companies may be more limited than that for the sale of larger companies and thus may make realizations of gains more difficult.

- Investing in undermanaged or underperforming companies involve a high degree of business and financial risk that can result in substantial or total losses. These risks include investing in companies operating at a loss and investing in companies with the need for substantial additional capital. Portfolio companies in which the Clients invest may be highly leveraged and, as a consequence, subject to restrictive financial and operating covenants. The leverage may impair the ability of these companies to finance their future operations and capital needs. As a result, these companies may lack the flexibility to respond to changing business and economic conditions, or to take advantage of business opportunities.
- Clients may invest in the consumer sector. The consumer sector can be significantly affected by various factors, including the performance of domestic and international economies, exchange rates, changing consumer preferences, demographics, marketing campaigns, cyclical revenue generation, consumer confidence, commodity price volatility, labor relations, interest rates, import and export controls, intense competition, technological developments and government regulation. Companies engaged in the design, production or distribution of products or services for the consumer discretionary sector are subject to the risk that their products or services may quickly become obsolete. The success of these companies can depend heavily on disposable household income and consumer spending. The consumer goods industry may be strongly affected by trends, marketing campaigns, demographics, changing consumer preferences and other factors affecting consumer demand. Many consumer goods are marketed globally and consumer goods companies may be affected by the demand and market conditions in other countries and regions.
- Clients may invest in manufacturing companies. Manufacturing companies may produce products that are sold to the ultimate consumers and/or to other businesses (that use such products as an input in their own products or services). Manufacturing companies that sell to other businesses may be affected by the economic conditions affecting their customers, which may be concentrated in a specific industry or industries. This could expose such manufacturing companies to the risks faced by their customers. Manufacturing companies may also be affected by the price and availability of the raw materials and component parts that are used to manufacture their products. Thus, such companies' businesses could be adversely impacted by factors affecting their suppliers (such as the destruction of their suppliers' facilities or their distribution infrastructure, a work stoppage or strike by their suppliers' employees or the failure of their suppliers to provide materials of sufficient quality), or by increased costs of such raw materials or components.

- MiddleGround and the Clients have a limited prior operating history. As a result, investors will not be able to examine the performance history of the Clients or MiddleGround.
- The success of the Clients will be dependent on certain key personnel. The loss of certain key individuals may have a material adverse effect on the performance of the Clients.
- The Clients may rely on projections and forecasts developed by MiddleGround. Such projections are based on assumptions with respect to future events. The actual future events may differ from the assumptions.
- Legal, tax and regulatory changes could occur during the term of a Client that may adversely affect such Client.
- Each Client's investment activity will be affected by general economic conditions. A Client may be subject to substantial losses in the event of a serious recession in the economies in which a Client invests.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of whether to make an investment decision. None of MiddleGround's affiliates, or its principals have been subject to any disciplinary action, whether criminal, civil, or administrative (including regulatory) in any jurisdiction. Likewise, no persons involved in the management of MiddleGround have been subject to such action.

Item 10 – Other Financial Industry Activities and Affiliations

Management and employees of MiddleGround plan to dedicate substantially all of their professional efforts to MiddleGround and its affiliates, and currently have no significant outside business interests. From time to time, certain employees of MiddleGround may serve as board members in connection with underlying investments. Except with respect to Operating Partners, such employees will not be separately compensated for these positions. Prior to engaging in any outside business activities, employees will be required to pre-clear such activities with MiddleGround's chief compliance officer ("Chief Compliance Officer").

Item 11 – Code of Ethics

MiddleGround has adopted a Code of Conduct and of Ethics (the “Code”) that obligates MiddleGround and its employees to put the interests of Clients before their own interests and to act honestly and fairly in all respects in their dealings with Clients.

All of MiddleGround’s personnel are also required to comply with applicable federal securities laws. MiddleGround and its related persons do not recommend to Clients, or buy or sell for Client accounts, securities in which MiddleGround or its related persons have a material financial interest unless MiddleGround has obtained the requisite consent, from Underlying Investors or an LP Advisory Committee (if any), required under the Governing Documents for the applicable Client.

All trades made by employees are reviewed by the Chief Compliance Officer. MiddleGround requires its employees to pre-clear all transactions in their personal accounts with the Chief Compliance Officer who may deny permission to execute the transaction if such transaction is believed to have an adverse economic impact on one of its clients. Any approval will remain in effect for that business day. In addition, the Code prohibits MiddleGround or its employees from executing personal securities transactions of any kind in any securities on a restricted securities list maintained by the Chief Compliance Officer.

No employee may acquire new issues or securities in a limited offering without first obtaining pre-clearance and approval from the Chief Compliance Officer.

All of MiddleGround’s employees are required to disclose their securities transactions, if any, on a quarterly basis and their holdings upon commencement of employment with MiddleGround and on an annual basis thereafter. All of MiddleGround’s employees are also required to provide brokerage statements quarterly and an annual certification of transactions. Trading in employees’ accounts are reviewed by the Chief Compliance Officer and compared against the restricted securities list.

The Code of Ethics also sets forth MiddleGround policy with respect to insider trading by providing: (i) a detailed explanation of the rules and regulations that govern insider trading; and (ii) policies and procedures that should be carried out by MiddleGround employees in the event that there is any question as to the applicability of the insider trading rules.

MiddleGround’s clients or prospective clients may request a copy of the firm’s Code of Ethics by contacting Monica McClinton, Partner and Chief Compliance Officer.

MiddleGround is also committed to maintaining the confidentiality, integrity, and security of its investors’ personal information. It is MiddleGround’s policy to collect only information necessary or relevant to its management business and to use only legitimate means to collect

such information. MiddleGround does not disclose any non-public, personal information about investors to anyone except for servicing and processing transactions and as required by law. MiddleGround restricts access to non-public, personal information about its investors to those employees with a legitimate business need for the information. MiddleGround maintains physical, electronic, and procedural safeguards to guard each investor's non-public, personal information. MiddleGround's privacy policy is available upon request by contacting Monica McClinton, mmcclinton@middleground.com.

Item 12 – Brokerage Practices

MiddleGround does not and does not plan to utilize any soft dollar arrangements. Furthermore, MiddleGround does not intend to direct trades in recognition of research provided by a broker-dealer. MiddleGround will not pay a higher dealer "spread" or otherwise utilize client funds to compensate dealers for the provision of research or trading advice.

MiddleGround has adopted a policy for the fair and equitable allocation of transactions, which generally analyzes each investment and/or investee fund commitment on an investment-by-investment basis, taking into consideration the specifics of each investment, the guidelines of each client and any restrictions in the governing agreements of the applicable Clients. To the extent that multiple Clients participate in an investment, such investment will generally be allocated *pro rata* among such Clients, unless facts specific to the transaction and Clients warrant an alternative allocation methodology. In making such determination, MiddleGround will consider, among other factors, the proposed investment size, liquidity of the investment, investment objective, risk profile, time horizon, vintage year of a Client, Client-specific concentration limits or legal restrictions, the composition of a Client's portfolio and diversification considerations, nature of investment, current market conditions, timing of cash flows and each client's liquidity, and any other information determined to be relevant. Allocations may also differ for tax, regulatory, or other reasons as deemed appropriate by MiddleGround. Where conflicts arise in the allocation of investment opportunities, MiddleGround will seek to resolve such conflicts fairly.

As a fiduciary, MiddleGround has the responsibility to effect orders correctly, promptly, and in the best interests of our clients. MiddleGround uses its best efforts to seek to assure that investments are executed correctly; however, to the extent that an error occurs, MiddleGround will only be responsible for losses due to errors caused by the willful misconduct or gross negligence of MiddleGround (or as otherwise specified in the Governing Documents of the applicable Client). Except as otherwise specified in the Governing

Documents for a Client, MiddleGround is not responsible for the errors of other persons, including third-party brokers and custodians.

Item 13 – Review of Accounts

The investments made by MiddleGround are generally private, illiquid and long-term in nature. Accordingly, the review process is not directed toward a short-term decision to dispose of securities. However, MiddleGround closely monitors companies in which the Fund invests, and the Chief Compliance Officer periodically checks to confirm the Fund is managed in accordance with its stated objectives. MiddleGround will provide to its limited partners the reports set forth in the respective Limited Partnership Agreement, generally including (i) audited financial statements annually commencing with the first year in which a Fund is in operation for at least six months or makes an investment, (ii) unaudited financial statements for the first three quarters of each fiscal year, (iii) annual tax information necessary for each partner's U.S. tax returns, and (iv) descriptive investment information for each portfolio company quarterly.

Item 14 – Client Referrals and Other Compensation

For certain Clients, MiddleGround has engaged placement agents for investor referrals. MiddleGround may in the future engage placement agents for other Clients. Any such placement agents will generally receive a fee or other compensation that is based on the amount of committed capital raised by such placement agent. These engagements and any resulting investor solicitations will be structured to comply with the requirements of Rule 206(4)-3 under the Advisers Act and related SEC staff interpretations.

Item 15 – Custody

An affiliate of MiddleGround is expected to serve as general partner of each Client. Consequently, MiddleGround is deemed to have “custody” over the Clients' assets within the meaning of Rule 206(4)-2 under the Advisers Act. To comply with this Rule, MiddleGround distributes to each investor in a Client audited financial statements annually pursuant to Rule 206(4)-2(b)(4). Underlying Investors should review these audited financial statements carefully.

Item 16 – Investment Discretion

MiddleGround provides and generally expects to continue to provide its investment advisory services on a discretionary basis. MiddleGround's authority will be established by the Governing Documents of each Client at the outset of the advisory relationship. Underlying Investors may not place limits on MiddleGround's investment authority with respect to a Client beyond the agreed-upon limitations set forth in the Governing Documents (including, without limitation, any side letters entered into by Underlying Investors with respect to its investment in a Client) for such Client. When selecting and determining amounts for investments, MiddleGround observes the investment policies, limitations and restrictions of the Clients which it advises.

MiddleGround's investment decisions and advice with respect to its Clients are subject to each Client's investment objectives and guidelines, as set forth in its Governing Documents.

Item 17 – Voting Client Securities

MiddleGround has adopted voting procedures pursuant to Rule 206(4)-6 of the Advisers Act designed to ensure that proxies it holds on behalf of discretionary Clients are voted in the best interest of such Clients, absent their specific voting guidelines. This may result in different voting results for proxies for the same issuer held on behalf of different Clients. In the event MiddleGround becomes aware of a material conflict of interest in connection with a vote, MiddleGround will determine whether voting in accordance with MiddleGround's voting procedures is in the best interests of the respective Client(s) and whether it is appropriate to disclose the conflict to the affected Client(s). In all cases, proxies are voted consistent MiddleGround's fiduciary duties.

Investors may contact MiddleGround, via e-mail or telephone, in order to obtain information on how it voted such investor's proxies, and to request a copy of MiddleGround's voting procedures.

Item 18 – Financial Information

MiddleGround does not require or solicit prepayment of any fees six months for its pooled investment vehicles or more in advance and does not have any financial condition that would impair its ability to meet contractual commitments to its Clients.