

**FORM ADV PART 2A**  
**INVESTMENT ADVISER BROCHURE**

**SHERIDAN CP, LP**

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**March 2023**

**This Investment Adviser Brochure (“Brochure”) provides information about the qualifications and business practices of Sheridan CP LP (“Sheridan” or the “Firm”). If you have any questions about the contents of this Brochure, please contact us at (312) 548-7064.**

The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state authority. Additional information regarding Sheridan is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Registration as an investment adviser does not imply a certain level of skill or training.

## **ITEM 2 - MATERIAL CHANGES**

Since Sheridan filed its most recent Brochure on March 21, 2022, there were no material changes to report.

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## **ITEM 4 - ADVISORY BUSINESS**

Sheridan was organized in Delaware as a limited partnership in 2018 and is located in Chicago, Illinois. Sheridan is indirectly owned by Jonathan Lewis and Sean Dempsey (the “Principals”) through their interest in Sheridan’s general partner.

Sheridan currently provides investment advisory services to private pooled investment vehicles.

- Sheridan provides investment advisory services on a non-discretionary basis to Sheridan Legacy Fund I, L.P. (the “Legacy Fund”). The Legacy Fund was established for the benefit of a family office investor, and the general partner of the Legacy Fund shares ownership with the owners of Sheridan. Sheridan is responsible for sourcing and diligencing the opportunity, completing the negotiation and acquisition process, and managing and disposing of the investments.
- On a discretionary basis, Sheridan manages Sheridan Capital Partners Fund II, LP and Sheridan Capital Partners Fund II-A, LP (together, “Fund II”) and Sheridan Capital Partners Fund III, LP and Sheridan Capital Partners Fund III-A, LP, (together, “Fund III”).

The Legacy Fund, Fund II and Fund III are collectively referred to herein as the “Funds” or “Clients”. Information about each Fund can be found in its respective offering documents, such as private placement memorandums, limited partnership agreements, and/or advisory agreements, as applicable (the “Offering Documents”). Investment advice is provided directly to the Funds, subject to the discretion and control of the applicable Fund’s general partner (“General Partner” or “General Partners”), and not individually to the Funds’ limited partners (each, a “Limited Partner” and collectively, the “Limited Partners”).

As of December 31, 2022, Sheridan Capital Partners DOCS SPV, LP and Sheridan Capital Partners DOCS SPV A, LP were liquidated, and Sheridan is awaiting the completion of the liquidation audit.

Sheridan is a lower middle-market (“LMM”) private equity firm focused exclusively on the healthcare industry. Sheridan seeks to make control-oriented investments in LMM healthcare businesses in the United States and Canada. The investments made by the Funds are referred to herein as “Portfolio Companies”.

As of December 31, 2022, Sheridan’s regulatory assets under management were approximately \$1,003,143,671, of which \$31,065,499 is managed on a discretionary basis.

## **ITEM 5 - FEES AND COMPENSATION**

### **Management Fees**

The Funds generally pay Sheridan an annual advisory fee (“Management Fee”).

The Legacy Fund pays Sheridan a Management Fee of 1.75% of the capital contributions made with respect to portfolio investments that have not been disposed of or written off.

Fund II and Fund III pay a Management Fee equal to 2% of the aggregate commitments during the

investment period, and 2% thereafter of (i) the aggregate investment contributions, less (ii) the aggregate amount of investment contributions with respect to the portion of each investment that has been disposed of or permanently written-down. The Management fee is generally paid quarterly in advance. Sheridan may waive or reduce the Management Fee for certain Limited Partners, including those who are employees or affiliates of Sheridan.

## **Expenses**

The Legacy Fund pays its own expenses relating to its administration, including but not limited to: expenses relating to the preparation of financial statements and tax returns; fees paid to attorneys and accountants; insurance premiums; and legal fees. The Legacy Fund also pays investment expenses relating to the sourcing, evaluation, acquisition, monitoring and disposition of investments.

Fund II and Fund III pay their own organizational and startup expenses, including legal, accounting, and regulatory compliance, subject to a cap the excess of which will be applied as a reduction to the Management Fee, if applicable. Fund II and Fund III also pay all other fees, costs, and expenses, relating to Fund II and Fund III and/or their operations, including, but not limited to: (i) the structuring, organizing, negotiating, consummating, financing, refinancing, acquiring, monitoring, operating, holding, or disposing of, a Fund's Portfolio Companies and its actual and potential investments; (ii) indebtedness of, or guarantees made by, the Fund or the General Partner (iii) financing, commitment, origination and similar fees and expenses; (iv) broker, dealer, finder, underwriting, loan administration, private placement fees, sales commissions, investment banker, finder and similar services; (v) brokerage, sale, custodial, depository, trustee, record keeping, account and similar services; (vi) legal, accounting, research, auditing, administration, reporting, information, appraisal, advisory, valuation (including third-party valuations, appraisals or pricing services), consulting and tax services, (vii) reverse breakup, termination and other similar fees; and (viii) directors and officers liability, and errors and omissions liability. In the event that such fees and expenses, or other liabilities or obligations, are incurred for transactions that are ultimately not consummated (i.e., broken deal expenses), including broken deal expenses relating to transactions that have been offered to co-investors, such expenses generally will be borne by the Fund.

Portfolio Companies also pay Sheridan transaction fees, including directors' fees, advisory fees, and monitoring fees ("Transaction Fees"). The Management Fee will be reduced by an amount equal to 100% of Fund II's and Fund III's pro rata share of Transaction Fees. The Management Fee will also be reduced by a percentage of the Legacy Fund's pro rata share of Transaction Fees.

Sheridan and the General Partner have formed an operations group (the "Operations Group") comprised of persons retained by the General Partner to provide operations services to the Portfolio Companies or prospective Portfolio Companies. Any compensation received by Operations Group members is generally paid by a Portfolio Company or prospective Portfolio Company. Any such compensation is not included as a Transaction Fee, and therefore does not result in a reduction of Management Fees.

## **ITEM 6 - PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

The Legacy Fund General Partner is entitled to receive a carried interest allocation ("Carried Interest") from the Legacy Fund. The Carried Interest is generally up to 25%, or less, of the amount of distributions from Portfolio Company investments, depending on the internal rate of return of such

Portfolio Company investment, after certain other capital is returned to the Limited Partner in accordance with the Legacy Fund Offering Documents.

The General Partners of Fund II and Fund III are entitled to receive Carried Interest from Limited Partners' proceeds from the Funds, which generally equals up to 20% of all realized gains, subject to a preferred return (as more fully described in the applicable Fund's Offering Documents). Sheridan may waive or reduce the Carried Interest for certain Limited Partners.

The Carried Interest or other performance-based compensation may create an incentive for the Firm to make more speculative investments and make different decisions regarding the timing and manner of the realization of such investments, than would be made if such Carried Interest or performance-based compensation were not allocated to the Firm. In addition, advising Clients that do not pay performance-based compensation alongside Clients who do pay such a fee, or who pay a lower such fee, could present a conflict of interest because the General Partners have an incentive to favor Clients who will pay, or pay a higher amount of, performance-based compensation carried interest. However, Sheridan follows documented investment allocation procedures and discloses its allocation practices in the applicable Funds' Offering Documents.

## **ITEM 7 - TYPES OF CLIENTS**

Sheridan's clients are the Funds, which are operated as exempt investment pools under the Investment Company Act of 1940, as amended (the "Investment Company Act"). The investors participating in the Funds may include individuals, banks or thrift institutions, other investment entities, endowments, sovereign wealth funds, family offices, public and private pension and profit-sharing plans, trusts, estates or charitable organizations or other corporations or business entities.

An investor in the Funds must be an "accredited investor" within the meaning of Rule 501 of Regulation D under the Securities Act of 1933, as amended, and a "qualified purchaser" as defined in Section 2(a)(51) of the Investment Company Act. The minimum initial investment in the Funds is generally \$5 million; however the General Partner may, in its sole discretion, permit investments below the minimum amount.

## **ITEM 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### **Methods of Analysis and Investment Strategies**

Sheridan invests primarily in buyout transactions in lower middle market healthcare companies in the United States and Canada. The three core areas of healthcare the Fund focuses on are (i) healthcare providers, (ii) outsourced healthcare services, and (iii) consumer health and products. In completing buyout and recapitalization transactions, Sheridan partners with experienced management teams and creates value by growing EBITDA and cash flow through the implementation of strategic and operational initiatives.

Sheridan employs a firm-wide and proactive multi-channel approach to originating new investment opportunities. The team develops theses based on secular growth trends, market fragmentation and Sheridan experience, and uses its three sourcing channels (the Sheridan professional network, intermediaries and conferences/roadshows) to screen opportunities.

Once an opportunity has been identified, Sheridan seeks to drive value creation through defined levers, centered around: (i) partnering with what Sheridan believes are high quality, strong management teams and supplementing them with additional talent where required; (ii) establishing the operating systems and business model Sheridan believes is necessary to effectively scale the business; and (iii) implementing organic growth strategies and identifying accretive M&A opportunities.

#### *Partner with Strong Management*

The Firm seeks to actively partner with strong management to execute a business plan through alignment of interest, mentorship, team augmentation, and the counsel of independent board members and market thought leaders. Sheridan strives to align value creation initiatives by requiring significant management rollover, ensuring compatible partnership through the executive sourcing and screening process, and supporting and supplementing existing senior management by identifying talent for accretive roles.

#### *Establishing the Operating Systems and Business Model*

The Firm implements operating strategies tailored specifically for each investment. Sheridan believes the right infrastructure allows lower middle market businesses to scale organically and through M&A with the right partner. Sheridan does this by investing in upgrading and implementing new systems & IT infrastructure and instituting KPIs & reporting, and, if applicable, making production facility improvements, accounting & finance upgrades, and implementing lean initiatives.

#### *Organic Growth Initiatives*

Sheridan looks to identify opportunities to expand the salesforce or enter new geographic markets, develop new customers products/service offerings, with the goal of driving growth. Other strategic growth initiatives frequently deployed include SEO/SEM optimization, strategic price increases, improved vendor management, and geographic expansion based on the long-term perspective of healthcare market.

#### *Identify High Impact M&A Targets*

The Firm also focuses on the ability to create additional scale advantages through identifying, leading, negotiating, and executing highly accretive add-on acquisitions, as well as by facilitating post-acquisition integration and planning to support the management team in achieving any efficiencies of scale. Sheridan believes that most of the add-on acquisitions can be consummated at lower prices than the platform. Sheridan also employs strategic add-ons as a way to average down the effective cost of its portfolio, which Sheridan believes can yield incremental returns upside if and when Sheridan can exit the investment at a higher multiple.

Sheridan employs a disciplined process with numerous checks and balances to seek to ensure only high-quality deals where Sheridan can employ its defined value creation levers to drive incremental value are selected. Following mutual selection and during the period of exclusivity, the team will engage in full formal due diligence typically in partnership with a number of third party resources to evaluate the company, the industry in which it operates, and any regulatory or billing issues.

Post-investment, the same deal team that underwrote the transaction will be responsible for portfolio monitoring and governance for that investment.

## **Risk of Loss**

The summary below is not a complete or exhaustive list or explanation of all risks involved in an investment in the Funds. Prospective and existing investors are advised to review the Offering Documents for full details on the investment, operational and other actual and potential risks associated with a particular Fund. The risks involved include, but are not limited to:

*Business Risks.* The Funds' investment portfolio is expected to consist primarily of securities issued by privately held companies, and operating results in a specified period will be difficult to predict. Such investments involve a high degree of business and financial risk that can result in substantial losses.

*Future and Past Performance.* The performance of the Principals' prior investments is not necessarily indicative of a Fund's future results. While the General Partners intend for the Funds to make investments that have estimated returns commensurate with the risks undertaken, there can be no assurances that any targeted internal rate of return will be achieved. On any given investment, loss of principal is possible.

*Investment in Junior Securities.* The securities in which the Funds will invest may be among the most junior in a Portfolio Company's capital structure and, thus, subject to the greatest risk of loss. Generally, there will be no collateral to protect the Funds' investment once made.

*Concentration of Investments.* The Funds will participate in a limited number of investments and intend to make most of their investments in one industry or one industry segment or within a short period of time. As a result, the Funds' investment portfolio could become highly concentrated, and the performance of a few holdings or of a particular industry may substantially affect their aggregate return. Furthermore, to the extent that the capital raised is less than the targeted amount, the Funds may invest in fewer Portfolio Companies and thus be less diversified.

*Lack of Sufficient Investment Opportunities.* The business of identifying, structuring and completing private equity transactions is highly competitive and involves a high degree of uncertainty. It is possible that the Funds will never be fully invested if enough sufficiently attractive investments are not identified. However, Limited Partners will be required to bear Management Fees through the Funds during the investment period based on the entire amount of the Limited Partners' commitments and other expenses as set forth in the Offering Documents.

*Dynamic Investment Strategy.* While the General Partner generally intends to seek attractive returns for the Funds primarily through making private equity investments as described herein, the General Partner may pursue additional investment strategies and may modify or depart from its initial investment strategy, investment process and investment techniques as it determines appropriate. The General Partner may pursue investments outside of the industries and sectors in which the Principals have previously made investments.

*General Risks of Investments in Healthcare Companies.* While investments in healthcare companies offer the opportunity for significant gains, such investments also involve a high degree of business and financial risk and can result in substantial or total loss. Healthcare companies may face intense competition, including competition from companies with greater financial resources, more extensive research and development, sales and marketing, customer services and support and other capabilities and a larger number of qualified managerial and technical personnel. Companies in which the Funds

invest could deteriorate as a result of, among other factors, an adverse development in their business, a change in the competitive environment, or an economic downturn.

*Healthcare Reform.* Healthcare reform continues to be a significant factor in the profitability of companies in which the Funds may invest. The efforts to reform the healthcare delivery system in the United States have resulted in increased pressure on healthcare providers and other participants in the healthcare industry to reduce costs. These competitive forces place constraints on the levels of overall pricing, and thus could have a material adverse effect on profit margins for the companies in which the Funds invest.

*Healthcare Regulation and Reimbursement.* Various segments of the healthcare industry are (or may become) (i) highly regulated at both the federal and state levels in the United States and internationally, (ii) subject to frequent regulatory change and (iii) dependent upon various government or private insurance reimbursement programs. While the Funds intend to make investments in companies that seek to comply with relevant laws and regulations, the laws and regulations relating to the healthcare industry are complex, may be ambiguous or may lack clear judicial or regulatory interpretive guidance. An adverse review or determination by any one of such authorities, or an adverse change in the regulatory requirements or reimbursement programs, could have a material adverse effect on the operations and/or financial performance of the companies in which the Funds invest. Recent legislative changes have had, and will likely continue to have, a significant impact on the healthcare industry. In addition, various legislative proposals related to the healthcare industry are introduced from time to time at the U.S. federal and state level, and any such proposals, if adopted, could have a significant impact on the healthcare industry.

*Healthcare Research and Innovation.* The healthcare industry spends heavily on research and development. Research findings (e.g., regarding side effects or comparative benefits of one or more particular treatments, services or products) and technological innovation (together with patent expirations) may make any particular treatment, service or product less attractive if previously unknown or underappreciated risks are revealed, or if a more effective, less costly or less risky solution is or becomes available. Any such development could have a material adverse effect on the companies in which the Funds invest.

*Illiquidity; Lack of Current Distributions.* An investment in the Funds should be viewed as an illiquid investment. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. The return of capital and the realization of gains, if any, generally will occur only upon the partial or complete disposition of an investment. While an investment may be sold at any time, it is generally expected that this will not occur for a number of years after the initial investment. Before such time, there may be no current return on the investment. Furthermore, the expenses of operating the Funds (including the Management Fee) may exceed its income, thereby requiring that the difference be paid from the Funds' capital, including unfunded commitments.

*Leveraged Investments.* The Funds may make use of leverage by incurring or having a Portfolio Company incur debt to finance a portion of their investment in a given Portfolio Company, including in respect of companies not rated by credit agencies. Leverage generally magnifies both the Funds' opportunities for gain and their risk of loss from a particular investment. The cost and availability of leverage is highly dependent on the state of the broader credit markets (and such credit markets may be impacted by regulatory restrictions and guidelines), which state is difficult to accurately forecast, and at times it may be difficult to obtain or maintain the desired degree of leverage. The

use of leverage by the Funds will also result in interest expense and other costs to the Funds that may not be covered by their distributions made to the Funds or appreciation of their investments. The use of leverage also imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and may impair its ability to operate its business as desired and/or finance future operations and capital needs. The leveraged capital structure of Portfolio Companies will increase the exposure of the Funds' investments to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment or rising interest rates and could accelerate and magnify declines in the value of the Funds' investments in the leveraged Portfolio Companies in a down market. In the event any Portfolio Company cannot generate adequate cash flow to meet its debt service, the Funds may suffer a partial or total loss of capital invested in the Portfolio Company, which could adversely affect the returns of the Funds. Furthermore, should the credit markets be limited or costly at the time the Funds determine that it is desirable to sell all or a part of a Portfolio Company, the Funds may not achieve an exit multiple or enterprise valuation consistent with their forecasts. Moreover, the companies in which the Funds will invest generally will not be rated by a credit rating agency. The Funds may also borrow money or guaranty indebtedness (such as a guaranty of a Portfolio Company's debt) or otherwise be liable therefor, and in such situations, it is not expected that the Funds would be compensated for providing such guarantee or exposure to such liability. The use of leverage by the Funds also will result in interest expense and other costs to the Funds that may not be covered by distributions made to the Funds or appreciation of their investments. The Funds may incur leverage on a joint and several basis with one or more other investment funds and entities managed by the General Partner or any of its affiliates and may have a right of contribution, subrogation or reimbursement from or against such entities. In addition, to the extent the Funds incur leverage (or provide such guaranties), such amounts may be secured by capital commitments made by the Limited Partners and such Limited Partners contributions may be required to be made directly to the lenders instead of the Funds.

Limited Transferability of Fund Interests. There will be no public market for the Funds' interests, and none is expected to develop. There are substantial restrictions upon the transferability of Fund interests under the Offering Documents and applicable securities laws. In general, withdrawals of Fund interests are not permitted. In addition, Fund interests are not redeemable.

Investments Longer than Term. The Funds may make investments that may not be advantageously disposed of prior to the date the Funds will be terminated, either by expiration of the Funds' term or otherwise. Although the General Partner generally expects that investments will be disposed of prior to termination or be suitable for in kind distribution at termination and the General Partner has a limited ability to extend the term of the Funds, the Funds may have to sell, distribute or otherwise dispose of investments at a disadvantageous time as a result of termination. To the extent that such investments are held in trust in connection with the Funds' termination, such trusts may incur formation and operating expenses. In addition, there can be no assurance with respect to the timeframe in which the Funds' winding up and final distribution to the Limited Partners will occur.

Limited Operating History. While the Principals of the General Partner have previous experience making and managing investments similar to those contemplated by the Funds, the Principals have limited experience managing and investing a committed, commingled pool of funds. Furthermore, there can be no assurance that the Funds' investments will achieve results similar to those attained by previous investments of the Principals. In addition, the Funds' investments may differ from previous investments made by the Principals in a number of respects, including target return levels, level of risk associated with a particular investment, amount invested in a particular company, types of companies within a particular industry sector, amount of leverage used, structure, and holding

period.

*Separate Agreements with Limited Partners.* The rights, duties and obligations of the Limited Partners generally are set out, and the treatment of Limited Partners is described, in the Offering Documents. However, the General Partners may enter into additional written agreements (“Side Letters”) with one or more Limited Partners. These Side Letters may entitle a Limited Partner to make an investment in the Funds on terms other than those described herein. Any such terms, including with respect to (a) economic arrangements (including alternative fee or other compensation arrangements), (b) excuse from participating in particular investments and/or withdrawal events, (c) additional or different reporting obligations of the Fund, (d) the ability to transfer to affiliates or other parties, (e) co-investment opportunities and terms of co-investment arrangements, (f) limits on indemnification obligations, (g) withdrawal rights due to adverse tax or regulatory events, (h) consent rights to certain Partnership Agreement amendments, or (i) any other matters described therein, may provide for more favorable terms than those offered to any other Limited Partners. In certain instances, a Side Letter entered into with a Limited Partner may have an adverse effect on the Fund; for example, if the General Partner or the Fund enters into a Side Letter entitling a Limited Partner to be excused from a particular investment or withdraw from the Fund, any election to be excused by such Limited Partner may increase other Limited Partners’ pro rata interests in that particular investment (in the case of an opt-out) or all future investments (in the case of a withdrawal). To the fullest extent not prohibited by applicable law and as further set forth in the Offering Documents, the General Partner shall have no obligation to give the Limited Partners notice of any Side Letters entered into.

*Cyber Security Breaches, Identity Theft and Fraud.* The General Partner’s and Portfolio Companies’ information and technology systems may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Although the General Partner is in the process of implementing, and Portfolio Companies (and their respective vendors) may implement, various measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, the General Partner, the Funds and/or a Portfolio Company may have to make a significant investment to fix or replace them. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the General Partner’s, the Funds’ and/or a Portfolio Company’s operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). Such a failure could harm the General Partner’s, the Funds’ and/or a Portfolio Company’s reputation, subject any such entity and their respective affiliates to legal claims and otherwise affect their business and financial performance. In addition, the General Partner and such Portfolio Companies are also subject to the risk of fraud. While systems and procedures may be in place which the General Partner believes are designed to detect and deter fraud, such systems and procedures may not be effective in all circumstances to prevent the risk of fraud.

*Valuation of Assets.* There is not expected to be an actively traded market for most of the securities owned by the Funds. When estimating fair value, the General Partner will apply a methodology it determines to be appropriate based on accounting guidelines and the applicable nature, facts and circumstances of the respective investments. However, the process of valuing securities for which reliable market quotations are not available is based on inherent uncertainties and the resulting values may differ from values that would have been determined had an active market existed for such

securities and may differ from the prices at which such securities ultimately may be sold. The exercise of discretion in valuation by the General Partner may give rise to conflicts of interest, including in connection with determining the amount and timing of distributions of carried interest and the calculation of management fees.

*Co-Investments.* The General Partner may, in its sole discretion, provide or commit to provide co-investment opportunities to one or more Limited Partners and/or other persons, in each case on terms to be determined by the General Partner in its sole discretion. Conflicts of interest may arise in the allocation of such co-investment opportunities. The allocation of co-investment opportunities, which may be made to one or more persons for any number of reasons as determined by the General Partner in its sole discretion, may not be in the best interests of the Fund or any individual Limited Partner. In exercising its sole discretion in connection with such co-investment opportunities, the General Partner may consider some or all of a wide range of factors, which may include factors which benefit the General Partner such as the likelihood that an investor may invest in a future fund sponsored by the General Partner or its affiliates or a pre-existing relationship between the General Partner or its affiliates and such investor. The Funds may co-invest with third parties through partnerships, joint ventures or other entities or arrangements. Such investments may involve risks not present in investments where a third-party is not involved, including the possibility that a third-party co-venturer or partner may at any time have economic or business interests or goals that are inconsistent with those of the Funds, or may be in a position to take action contrary to the investment objectives of the Funds. In addition, the Funds may in certain circumstances be liable for actions of a third-party co-venturer or partner. There can be no assurance that the Funds' return from a transaction would be equal to and not less than the return of another party that was allocated a co-investment opportunity and that is participating in the same transaction.

Furthermore, decisions regarding whether and to whom to offer co-investment opportunities may be made by the General Partner or its related persons in consultation with other participants in the relevant transactions, such as a co-sponsor. Co-investment opportunities may, and typically will, be offered to some and not to other Limited Partners. When and to the extent that employees and related persons of the General Partner make capital investments in or alongside the Funds, the General Partner is subject to conflicting interests in connection with these investments. The General Partner's allocation of co-investment opportunities among the persons and in the manner discussed herein may not, and often will not, result in proportional allocations among such persons, and such allocations may be more or less advantageous to some such persons relative to others.

For the avoidance of doubt, the General Partner may in its sole discretion structure any co-investment opportunity such that the proposed participants in such co-investment opportunity do not bear any broken deal expenses, with the result that the Funds will bear all such broken deal expenses; provided that, if so structured, such participants will not be entitled to receive any break-up or similar fee income, if any, that may be earned with respect to such transaction. In most cases, the General Partner does not expect that proposed participants in co-investments will bear broken deal expenses. Consequently, the Funds may bear all such broken deal expenses (and in such case would be entitled to any such break-up or similar fee income, but prospective investors should be aware that there may be instances in which the Funds will bear all broken deal expenses without the benefit of any break-up or similar fees).

*Conflict of Interest.* Until such time as the General Partner is permitted under the Offering Documents to raise a successor investment fund, the Principals generally will pursue substantially all appropriate investment opportunities that meet the investment criteria of the Fund that is currently

in its investment period, principally for the benefit of such Fund subject to certain exceptions set forth in the Offering Documents. However, the Principals currently, and may in the future, manage other investment funds besides the current Funds and investments similar to those in which a Fund will be investing and may direct certain relevant investment opportunities to those investment funds and investments. The Principals and the General Partner's investment staff will continue to manage and monitor such investment funds and investments, although the Principals expect that the time required to do so will be less than will be spent on a Fund during such Fund's investment period. The General Partner believes that the significant investment of the Principals in each Fund, as well as the Principals' interest in the carried interest, operate to align, to some extent, the interest of the Principals with the interest of the Limited Partners, although the Principals have or may have economic interests in such other investment funds and investments as well and receive management fees and carried interests relating to these interests. Such other investment funds and investments that the Principals may control or manage may compete with a Fund or companies acquired by such Fund. At such time as the General Partner is permitted to raise a successor investment fund to the Fund, the Principals will continue to manage such Fund's investments, but also may and likely will focus investment activities on other opportunities and areas unrelated to such Fund's investments. Certain investments may be allocated between a Fund and any successor or predecessor fund in a manner as set forth in the Offering Documents.

*Force Majeure or other Risks.* Investments may be affected by force majeure events (i.e., events beyond the control of the party claiming that the event has occurred, including, without limitation, acts of God, fire, flood, earthquakes, outbreaks of an infectious disease, pandemic or any other serious public health concern, war, terrorism, labor strikes, failure of technology, government macroeconomic policies, social instability, etc.). Some force majeure events may adversely affect the ability of a party (including a service provider to a Fund or a Portfolio Company) to perform its obligations until it is able to remedy the force majeure event. These risks could, among other effects, adversely impact the cash flows available from a portfolio company. Certain force majeure events (such as war or an outbreak of an infectious disease) could have a broader negative impact on the world economy and international business activity generally, or in any of the countries such as the United States in which Funds may invest. Prolonged changes in climatic conditions may also have significant impact on the revenues, expenses and conditions of certain Fund investments.

## **ITEM 9 - DISCIPLINARY INFORMATION**

The Firm and its management persons have not been subject to any material legal or disciplinary events required to be discussed in this Brochure.

## **ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

The General Partners of the Funds share ownership with the owners of Sheridan. See additional information regarding the General Partners above in Item 4 and Item 5.

## **ITEM 11 - CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

Sheridan has adopted a written code of ethics (the "Code") that is applicable to all employees in accordance with Rule 204A-1 under the Advisers Act. Among other things, the Code requires that Sheridan and its employees act in Clients' best interests, abide by all applicable laws and regulations,

adhere to an insider trading policy to prevent the misuse of material non-public information, and pre-clear and report certain personal securities transactions. The Firm's restrictions on personal securities trading apply to employees, as well as employees' family members living in the same household. A copy of the Firm's Code is available upon request.

The Chief Compliance Officer monitors employee trading, relative to Fund trading, to guard against employees engaging in improper transactions. The Chief Compliance Officer does not grant preclearance where it would appear that an employee's trading could disadvantage the Funds.

The Firm generally intends to avoid any transaction that constitutes a "principal transaction" within the meaning of Section 206(3) of the Advisers Act. In such a transaction, an adviser acts as principal for its own account with respect to the sale of a security to, or purchase of a security from, its client. If, however, the Firm determines such a transaction is in the best interests of a Client, the Firm may enter into such transaction provided the Firm has met: (1) the Advisers Act requirements with respect to such a transaction, including the relevant disclosure requirements and the requirement to obtain the informed consent of the Client; and (2) any requirements imposed by the Offering Documents. Sheridan may also effect cross transactions between Client accounts; in such a situation Sheridan will seek to ensure that the transaction is fair and equitable for all Clients involved and is effected (i) pursuant to all applicable policies and procedures, and (ii) all applicable requirements under the Advisers Act.

Principals and employees of Sheridan may directly or indirectly own an interest in one or more of the Funds.

## **ITEM 12 - BROKERAGE PRACTICES**

As an adviser to private equity funds, Sheridan does not generally make investments in securities listed on national exchanges. While Sheridan primarily makes investments directly with private issuers, there may be situations where the Firm places a trade through a broker, particularly if there has been a liquidity event in a portfolio holding. In such an event, Sheridan will seek "best execution" in light of the circumstances involved in transactions. In selecting a broker for any transaction, Sheridan may consider a number of factors, including, for example, the broker's reputation, net price or spread, financial strength and stability, market access, efficiency of execution and error resolution, and the size of the transaction. Sheridan is not obligated to obtain the lowest commission or best net price for a Client on any particular transaction.

Sheridan does not have any formal or informal soft dollar arrangements nor does the Firm receive any soft dollar benefits from any broker, dealer or other counterparty. However, Sheridan receives research available to other similar institutional investors. Additionally, Sheridan does not permit Clients to direct brokerage to any particular broker.

## **ITEM 13 - REVIEW OF ACCOUNTS**

The investments made by the Funds 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, the Principals closely monitor companies in which the Funds invest, and Sheridan's Chief Compliance Officer periodically checks to confirm that each Fund is managed in accordance with its stated objectives.

The Investor in the Legacy Fund receives customized quarterly reports, based on requests by such Investor. Investors in Fund II and Fund III receive audited financial statements on an annual basis. Investors in Fund II and Fund III also receive unaudited financial statements and capital account statements on a quarterly basis, and receive additional information and reporting during an annual investor meeting.

#### **ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION**

Sheridan provides certain business or consulting services to Portfolio Companies and receives compensation from these Portfolio Companies in connection with such services. As described in the applicable Offering Documents, this compensation will, in many cases, offset a portion of the Management Fees paid by the Funds. Reimbursements for out-of-pocket expenses directly related to a Portfolio Company may be paid to Sheridan in addition to Management Fees. Operations Group members also provide certain business operations services to Portfolio Companies. Compensation paid to such Operations Group members does not offset the Management Fees. See Item 5 for additional information.

Sheridan has entered into a solicitation arrangement for Fund II and Fund III, pursuant to which it has compensated a third party for referrals that result in a potential investor becoming a Limited Partner in Fund II or Fund III. Any fees and expenses payable to any such third-party placement agents will generally be borne by Sheridan. The use of any placement agent is disclosed to Limited Partners referred by such placement agent.

#### **ITEM 15 - CUSTODY**

Sheridan does not maintain custody of the assets in the Legacy Fund.

With respect to Fund II and Fund III, because Sheridan and/or the General Partner will have the authority to direct and dispose of the applicable Fund's assets, Sheridan will be deemed to have custody in accordance with Rule 206(4)-2 under the Advisers Act (the "Custody Rule"). The Firm will comply with the Custody Rule requirements by subjecting the applicable Fund to an annual audit and distributing the audited financial statements to each Limited Partner. The audited financial statements will be prepared in accordance with U.S. Generally Accepted Accounting Principles (U.S. GAAP) and be distributed within 120 days of the applicable Fund's fiscal year end.

#### **ITEM 16 - INVESTMENT DISCRETION**

Sheridan does not have discretionary authority for the Legacy Fund. However, through an advisory agreement, Sheridan is responsible for sourcing and diligencing the investment opportunities, completing the negotiation and acquisition processes, and managing and disposing of the investments.

Sheridan has discretionary authority to manage investments on behalf of Fund II and Fund III pursuant to a partnership agreement. As a general policy, Sheridan does not allow Limited Partners to place limitations on this authority.

#### **ITEM 17 - VOTING CLIENT SECURITIES**

Sheridan has adopted and implemented written policies and procedures governing the voting of client securities in accordance with its fiduciary duty to clients and Rule 206(4)-6 of the Advisers Act. Each Client is primarily invested in privately-held portfolio companies that do not typically issue proxies. However, in the event proxies are required to be voted, the proxies/corporate actions will be reviewed and analyzed by Sheridan's investment professionals. Prior to voting, Sheridan will make a determination, in the Firm's opinion, as to what vote is in the best interest of the Client. If Sheridan detects that a material conflict of interest exists, the Firm will take additional steps such as removing certain employees from the proxy voting process or engaging an outside proxy voting service.

Sheridan will maintain a written record of the proxy/corporate action vote on each occasion that a vote is required. A copy of Sheridan's policies and procedures regarding the voting of client securities and how those securities have been voted is available to Clients or Limited Partners upon request by contacting Sheridan using the information on the cover page of this Brochure.

#### **ITEM 18 - FINANCIAL INFORMATION**

Sheridan does not require prepayment of Management Fees more than six months in advance or have any other events requiring disclosure under this item of the Brochure.