

**ITEM 1 – COVER PAGE**

**PART 2A OF FORM ADV: FIRM BROCHURE**

**GRAFINE CAPITAL HOLDINGS LLC**

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This brochure (the “**Brochure**”) provides information about the qualifications and business practices of Grafine Capital Holdings LLC (“**Grafine**”). If you have any questions about the contents of this Brochure, please contact us at (212)-235-2045 or by email at [info@grafine.com](mailto:info@grafine.com). 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 securities authority.

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

Grafine is an SEC-registered investment adviser. Registration with the SEC does not imply any particular level of skill or training.

## **ITEM 2 – MATERIAL CHANGES**

This Item discusses only specific material changes that are made to this Brochure since its last annual update. The initial filing of Grafine’s Brochure was in June 2022. Since that time, there have been no material changes; however, Grafine moved offices in October 2022 and the new address is now reflected on the cover page.

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## ITEM 4 – ADVISORY BUSINESS

### **Overview of Grafine Capital Holdings LLC**

Grafine Capital Holdings LLC (“**Grafine**”) is a Delaware limited liability company that was formed in February 2020. The principal owner of Grafine is Grafine Holdings, LP (“**Holdings**”). Grafine Group LP (“**Group**”) is the principal owner of Holdings, and Grafine Holdings GP LLC serves as the general partner. As of the date of this Brochure, Grafine is ultimately controlled by Elizabeth K. Weymouth.

Grafine provides discretionary investment advisory services to pooled investment vehicles which are operated as private equity funds (together with any future private investment funds to which Grafine and/or its affiliates provide investment advisory services, the “**Funds**”). The Funds are collectively referred to herein as the “**Advisory Clients**” of Grafine. Each of the Funds is organized as a Delaware limited partnership or limited liability company, and the General Partner to each such Fund (the “**GP**”) is a related person of Grafine and is under common control with Grafine. Grafine may establish additional Funds in the future (and anticipates doing so).

### **Advisory Services**

Grafine serves as investment adviser to the Advisory Clients and invests the Advisory Clients’ assets on a discretionary basis. Grafine employs an integrated investment approach focusing on corporate growth equity opportunities. Grafine has an investment committee which governs the investment decisions of the Advisory Clients.

Investors in the Funds (generally referred to herein as “**investors**” or “limited partners”) are provided with the respective Fund’s limited partnership agreement, among other documents (the “**Governing Documents**”) and any other disclosure documentation, (“**Disclosure Documents**”) (as applicable), prior to making capital commitments. Grafine, together with the applicable GP, has discretion to manage the investment program of the Funds, subject to the investment guidelines and restrictions set forth in the Governing Documents.

Investors in the Funds will generally have exposure to the overall investment program of the applicable Fund, but in certain circumstances are excused from a particular investment due to legal, regulatory or other agreed-upon circumstances pursuant to the Governing Documents. Grafine and/or the applicable GP may enter into side agreements with individual investors in Funds, which may include, among other things, provisions permitting an investor to opt out of particular investments, discounting an investor’s management fee, carried interest and/or other fees, or granting an investor preferential rights with respect to co-investment opportunities; for the avoidance of doubt, such arrangements generally do not and will not create an adviser-client relationship between Grafine and any investor. See Item 5 and Item 10 for further discussion.

### **Regulatory Assets Under Management**

As of December 31, 2022, Grafine manages approximately \$292,239,331 of regulatory assets on a discretionary basis. Grafine does not currently manage any client assets on a non-discretionary basis.

## ITEM 5 – FEES AND COMPENSATION

### **Fees**

Grafine is compensated by Advisory Clients through the payment of management fees (or other payments) and performance-based fees.

Investors in the Funds are generally required to be “accredited investors” within the meaning of Regulation D of the U.S. Securities Act of 1933, as amended (the “**Securities Act**”), and “qualified purchasers” within the meaning of Section 2(a)(51) of the U.S. Investment Company Act of 1940, as amended (the “**Investment Company Act**”).

Management fees shall be paid in advance on a quarterly basis as of January 1, April 1, July 1 and October 1 of each year equal to the product of the management fee rate (1%) and such limited partner’s commitment; provided that capital contributions for management fees may be drawn down prior to (but no more than ten (10) days in advance of) an applicable management fee due date for administrative convenience to the extent included in a capital call notice with respect to an investment contribution or other capital contribution to be made at such time.

In addition to the management fees, Advisory Clients pay a performance-based fee, which can include carried interest, to Grafine or an affiliate. These performance-based fees, are earned and payable in accordance with the terms set out in the respective Fund’s Disclosure Documents (as applicable) and/or Governing Documents.

Grafine reserves the right to elect to waive or reduce management fees, performance-based compensation and/or other payments for any Advisory Client or Fund investor, including investors that are affiliates and/or related persons of Grafine. It should be noted that investors that are affiliates and/or related persons of Grafine, which include (among other persons) officers and employees of Grafine, will typically not be charged a management fee or subject to a carried interest.

Fees charged to any future Advisory Client will be negotiated on a case-by-case basis.

Grafine deducts fees directly from the applicable Advisory Client’s assets or through a capital call. Investors do not have the ability to choose to be billed directly for fees incurred.

In addition, Grafine is permitted to receive financial consulting fees, directors’ fees, monitoring fees and other deal fees and break-up fees earned with respect to Advisory Client investments. These fees may be used to reduce management fees or other payments payable by such Funds, subject to the provisions set forth in the respective Fund’s Disclosure Documents (as applicable) and Governing Documents.

The Funds generally invest on a long-term basis. Accordingly, investment advisory and other fees are expected to be paid, except as otherwise described in the Governing Documents, over the term of the relevant Fund, and investors generally are not permitted to withdraw or redeem interests in the Funds.

Principals or other current or former employees of Grafine generally receive salaries and other

compensation derived from, and in certain cases including a portion of, the management fee, carried interest or other compensation received by Grafine or its affiliates.

Fees vary between Advisory Clients. It is critical that investors and prospective investors in Funds refer to the respective Fund's Disclosure Documents (as applicable) and/or Governing Documents for a complete understanding of how Grafine is compensated for advisory services. The information contained herein is a summary only and is qualified in its entirety by the Disclosure Documents and/or Governing Documents.

### **Fund Expenses**

Investors in Funds bear their proportionate shares of legal and other organizational expenses. Each Fund bears all expenses incurred in connection with its operations, meetings and liquidation (other than expenses resulting from the fraud, gross negligence or willful misconduct of Grafine), including (i) expenses incurred in connection with pursuing investment opportunities and making, monitoring and disposing of investments, including private placement fees, sales commissions, appraisal fees, taxes, brokerage fees, underwriting commissions and discounts, and legal, accounting, investment banking, consulting, information services and professional fees ("**Deal Expenses**"); (ii) expenses of administrators, custodians, outside counsel, economic advisors, tax advisors, auditors and accountants; (iii) expenses incurred in connection with regulatory filings; (iv) any insurance; (v) any taxes, fees or other governmental charges levied against the Fund; (vi) expenses relating to any audit, investigation, governmental inquiry or public relations undertaking; (vii) the costs and expenses of any litigation relating to the activities or operation of the Fund and the amount of any judgments or settlements paid in connection therewith, relating to the business, activities and interests of the Fund; (viii) any expenses relating to any defaults by investors; (ix) expenses incurred in connection with any restructuring or amendments to the constituent documents of the Fund; (x) expenses incurred in connection with the formation of any special purpose vehicles; and (xi) expenses incurred in connection with any meetings of investors (including meetings of the Advisory Board). Investors should refer to the relevant Governing Documents for details regarding the calculation of Deal Expenses.

Any expenses incurred by Grafine that are not set forth in the respective Fund's Disclosure Documents (as applicable) and/or Governing Documents shall be the responsibility of Grafine or its affiliates and will not be passed through to Advisory Clients.

Investors indirectly incur brokerage and other transaction costs (as applicable) related to their investment. Refer to Item 12 of this Brochure for information regarding Grafine's brokerage practices.

Expenses vary between Advisory Clients. It is critical that Investors and prospective investors in Funds refer to the respective Fund's Disclosure Documents (as applicable) and/or Governing Documents for a complete understanding of how and to whom operating expenses are allocated. The information contained herein is a summary only and is qualified in its entirety by the Disclosure Documents and/or Governing Documents.

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

As mentioned in Item 5 above, Grafine receives performance-based compensation in the form of carried interest. Performance-based compensation creates a potential conflict of interest in that it may create an incentive for Grafine to make investments that are riskier or more speculative than in the absence of such performance-based fees, or an incentive to favor accounts from which Grafine or its supervised persons receive performance-based fees over other accounts.

Investors in Funds are provided with clear disclosure in the respective Disclosure Documents (as applicable) and Governing Documents, as to how performance-based compensation is charged, and the risks associated with such performance-based compensation, prior to making capital commitments. Other types of Advisory Clients will enter into an agreement detailing how performance compensation is charged.

It should also be noted that conflicts regarding performance-based compensation may arise to the degree that Grafine manages additional Advisory Clients which may be subject to different fee terms. Grafine does not advise Funds not subject to a carried interest, although, as noted in Item 5, Grafine reserves the right to elect to waive or reduce the management fees, performance-based compensation and/or other fees for any investor, including investors that are affiliates and/or related persons of Grafine. Fund Investors that are affiliates and/or related persons of Grafine, which include (among other persons) officers and employees of the firm, will typically not be charged a management fee or subject to a carried interest.

Grafine recognizes its fiduciary status and its obligation to treat all Advisory Clients in a fair and equitable manner.

## **ITEM 7 – TYPES OF CLIENTS**

As described in Item 4 above, Grafine provides discretionary investment advisory services to pooled investment vehicles, which are operated as private equity funds, and to institutional investors, and references throughout this Brochure to “clients” and to Grafine’s related duties to and practices on behalf of its clients and/or investors should be construed accordingly. The Funds generally include investment partnerships or other investment entities formed under U.S. or non-U.S. laws and operated as exempt investment pools under the Investment Company Act.

Each investor in a Fund must meet certain eligibility provisions. Specifically, each investor in the Funds is required to represent that it is an “accredited investor” within the meaning of Regulation D of the Securities Act and, depending on the particular Fund in which an investor subscribes, may be required to represent that it is a “qualified client” under Rule 205-3 of the Advisers Act, or a “qualified purchaser” as defined in section 2(a)(51)(A) of the Investment Company Act.

In addition, certain of the Funds are subject to minimum capital commitments, as set forth in the applicable Governing Documents. Grafine or the applicable GP reserves the right to waive or reduce the minimum capital commitment for any investor.

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

### **Investment Strategy and Methods of Analysis**

The following summarizes Grafine's investment strategy and methods of analysis used in formulating investment advice. An investment in a vehicle or account managed by Grafine involves a risk of loss that investors should be willing to bear.

Grafine seeks to generate capital appreciation and attractive risk-adjusted returns for investors in Grafine's Funds by making seed commitments to newly launched private investment firms and investing in co-investments alongside these teams. Grafine's investment process involves careful review and due diligence of the investment strategies and investment teams whom we are investing in. Prior to entering into any definitive agreement, transactions will be thoroughly reviewed and vetted by Grafine's investment team. Grafine conducts market analyses, track record analyses, investment pipeline analyses, background and reference checks, and financial modeling and underwriting. Additionally, Grafine spends time working with investment team in an effort to improve their business and accelerate their growth. Grafine anticipates that the Funds' investment portfolio will be comprised of private investments including fund investments and co-investments.

It is critical that investors and prospective investors in Funds refer to the respective Fund's Disclosure Documents (as applicable) and/or Governing Documents for a complete overview of the investment strategy and Grafine's methods of analysis. The information contained herein is a summary only and is qualified in its entirety by the Disclosure Documents and/or Governing Documents.

### **Risk Factors**

An investment in a Fund, or by other Advisory Client, involves a significant degree of risk. There can be no assurance that the targeted rate of return will be achieved or that there will be any return of capital. An investor should only invest in a Fund or open an account with Grafine if the investor can withstand the liquidity constraints of such investment and a total loss of its investment. No guarantee or representation is made that any investment program will be successful.

The following are some of the additional material risks associated with an investment or an account. The following is not intended to be an exhaustive list of such risks and it is critical that investors refer to the Governing Documents and Disclosure Documents of the applicable investment vehicle for a complete overview of Grafine's investment strategies and the material risks associated therewith. The information contained herein is qualified in its entirety by such documents. In addition, prospective investors should also consult their own legal, investment, tax, regulatory and other advisers as to whether an investment in an investment vehicle is appropriate for them. Certain investment risks include:

1. **Nature of the Investments.** Investments are speculative and volatile, requiring a long-

term commitment, with no certainty of return. Grafine may invest in funds and co-investments that are experiencing or are expected to experience severe financial difficulties, which difficulties may never be overcome. Grafine may also make investments with private investment teams who are in early stages of development which may not have a proven history on which to judge future performance. Such investments are considered highly speculative and may result in the loss of the entire investment. Since Grafine may only make a limited number of investments and since many of Grafine's investments may involve a high degree of risk, poor performance by a few of the investments could significantly reduce the total returns to investors. No assurances can be given that any stated investment objective will be achieved or that investors will receive a return of their capital.

2. **General Cash Flow Risks.** Certain of the entities in which Advisory Clients will invest may be leveraged and will likely not provide any significant cash distributions until the underlying property is sold or refinanced. Accordingly, the Advisory Client will likely not be able to make any significant cash distributions to the applicable investors other than in connection with the disposition of its investments.
3. **Illiquidity; Market for Investments.** There will be no public market for certain investments in privately held entities, and an Advisory Client's ability to dispose of any investment will in many cases be further limited by the agreements entered into by Grafine in connection with such investments. The ability of an Advisory Client to sell or distribute securities and to realize investment gains will depend, in large part, upon favorable market conditions, including receptiveness to initial public offerings for the portfolio companies in which the Advisory Client invests and an active mergers and acquisitions market. Initial public offering and merger and acquisition opportunities may be limited or non-existent for extended periods of time, whether due to economic, regulatory or other factors. In view of such limitations on liquidity, which are illustrative and not exhaustive, an Advisory Client will generally not be able to realize on an investment in a privately held entity until the disposition of such investment. There can be no assurance that an Advisory Client will be able to dispose of its investments at the price and at the time it wishes to do so. Furthermore, such illiquidity may continue even if the underlying entities obtain listings on securities exchanges.
4. **Limited Number of Investments; Lack of Diversity.** Except as set forth in a Governing Document or advisory contract, Grafine is under no obligation to diversify its investments, whether by reference to the amount invested or the industries or geographical areas in which the investments are made. Accordingly, Advisory Clients will participate in a limited number of investments and, as a consequence, their aggregate return may be substantially adversely affected by the unfavorable performance of even a single investment. On any given investment, loss of all or a portion of the original amount of the investment is possible. Investors have no assurance as to the degree of diversification in an Advisory Client's investments, whether by geographic region, industry, asset or transaction type. To the extent an Advisory Client concentrates its investments in a particular issuer, industry, security or geographic region, its investments will become more susceptible to fluctuations in value resulting from adverse economic and business conditions with respect thereto. In addition, Grafine expects to make a

number of investments for which third party financing will be desirable but not necessarily available at the time of investment. There is significant risk that such financing may never become available, or that a refinancing will not be able to be completed on desirable terms. This could result in an Advisory Client having a variety of unintended long-term investments and/or reduced diversification. Furthermore, if an Advisory Client co-invests with other private equity vehicles, an investor may have exposure to a portfolio company through more than one vehicle. Therefore, an investor should only invest in an Advisory Client as part of an overall investment strategy, and only if the investor is able to withstand a total loss of its investment.

5. **Non-Controlling Investments.** An Advisory Client may hold less than 50% of the outstanding voting interests of any portfolio company or may hold investments in debt instruments or other securities that do not entitle the Advisory Client to voting rights, and, therefore, may have a limited ability to protect its investments in any such portfolio company.
6. **Activities of partner private investment teams and minority interests.** Grafine will have a limited ability to exert influence over the investments in which the Funds invest and will not have the opportunity to evaluate or select the specific underlying investments made by any investment team. The investment teams will retain autonomy over the day-to-day operations of their investment management companies and will generally retain a majority stake in them. In such cases, the Funds will rely on the existing management and board of directors or similar body of such entities, which may include representation of other investors with whom the Funds are not affiliated and whose interests may conflict with the interests of the Funds. The management of these investment teams may make business, financial or management decisions with which Grafine does not agree or such management may take risks or otherwise act in a manner that does not serve the Funds' interests.
7. **Additional Capital Requirements of Portfolio Companies.** Certain portfolio companies, especially those in a development or "platform" phase, may require additional financing to satisfy their working capital requirements or acquisition strategies. The amount of such additional financing will depend upon the maturity and objectives of the particular portfolio company. Each such round of financing is typically intended to provide a portfolio company with enough capital to reach the next major corporate milestone. If the funds provided are not sufficient, a company may have to raise additional capital at a price unfavorable to the existing investors. In addition, an Advisory Client may make additional debt and equity investments or exercise warrants, options or convertible securities that were acquired in the initial investment in such company in order to preserve the Advisory Client's proportionate ownership when a subsequent financing is planned, or to protect the Advisory Client's investment when such portfolio company's performance does not meet expectations. The availability of capital is generally a function of capital market conditions that are beyond the control of Grafine or any 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.
8. **Risk of Dilution.** Investors admitted or increasing their commitments at subsequent

closings may participate in existing investments of a Fund, diluting the interest of previously admitted investors. Although such additional investors (or existing investors increasing their commitments) will contribute their pro rata share of previously made draws by the applicable Fund, together with interest as described in the Governing Documents, there can be no assurance that these payments will reflect the fair value of their pro rata share of the Fund's existing investments at the time such additional investors are admitted or such existing investors are permitted to increase their commitments.

9. **Material Non-Public Information.** By reason of their responsibilities in connection with their other activities, Grafine's investment professionals may acquire confidential or material non-public information or be otherwise restricted from initiating transactions in certain securities. Grafine and the Advisory Clients will not be free to act upon any such information. Due to these restrictions, Grafine may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell an investment that it otherwise might have sold.

Similarly, anti-money laundering, anti-boycott and economic and trade sanction laws and regulations in the United States and other jurisdictions may prevent the GP or the Fund from entering into transactions with certain individuals or jurisdictions. The United States Department of the Treasury's Office of Foreign Assets Control ("OFAC") and other governmental bodies administer and enforce laws, regulations and other pronouncements that establish economic and trade sanctions on behalf of the United States. Among other things, these sanctions may prohibit transactions with or the provision of services to, certain individuals or portfolio companies owned or operated by such persons, or located in jurisdictions identified from time to time by OFAC.

10. **Recycling; Reinvestment.** The GP to a Fund will generally have the right to recall certain distributions in accordance with the applicable Governing Documents. Accordingly, an investor may be required to make capital contributions in excess of its commitment, and to the extent such recalled amounts are reinvested in investments, an investor will remain subject to investment and other risks associated with such investments.
11. **Reliance on the Management of Investments.** Although it is the intention of Grafine to choose investment teams with strong management capabilities, there can be no assurance that any investment team will be able to operate successfully. Instances of fraud and other deceptive practices committed by the management team of investments in which an Advisory Client has an interest may undermine Grafine's due diligence efforts with respect to such companies. If such fraud is discovered, it could adversely affect the valuation of an investment.
12. **Third Party Involvement.** Advisory Client's may co-invest with third parties through joint ventures or other entities. Such investments may involve risks in connection with such third-party involvement, including the possibility that a third-party co-venturer may have financial, legal or regulatory difficulties, resulting in a negative impact on such investment, may have economic or business interests or goals which are inconsistent with those of the Advisory Client or Grafine, or may be in a position to take (or block) action

in a manner contrary to the Advisory Client's investment objectives. In addition, certain Grafine managed vehicles may in certain circumstances be liable for the actions of its third-party co-venturers. In those circumstances where such third parties involve a management group, such third parties may receive compensation arrangements relating to such investments, including incentive compensation arrangements.

13. **Uncertainty Regarding Investments.** Although Grafine will make every effort to conduct appropriate due diligence prior to making an investment, the due diligence process may be subjective at times, may be required to be undertaken on an expedited basis in order to take advantage of available investment opportunities and may require Grafine to rely on limited resources available to it including information provided by the target of the investment and third-party consultants, legal advisers, accountants and investment banks. As a result, it is uncertain whether the due diligence investigation will reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Grafine also cannot be certain that the due diligence investigation will result in investments being successful.
14. **Asset Valuations.** With certain limited exceptions, valuations of current income and disposition proceeds with respect to investments will be determined by the General Partner and will be final and conclusive. An Advisory Client may not provide periodic pricing or valuation information to investors with respect to investments.
15. **Consequences of Default.** In the event that an investor in a Fund fails to fund any of its capital commitment when required, there may be certain contractual consequences applicable to such investor's interest in a Fund in accordance with the applicable Governing Documents. If an investor fails to pay any of its capital commitment when due, and the applicable Fund is not able to cover such defaulted amounts, the Fund may be unable to pay its obligations when due. As a result, the Fund may be subjected to significant penalties that could materially adversely affect the returns to the investors (including non-defaulting investors). In addition, any non-defaulting investors in the applicable Fund may be required to increase their contributions to the investment resulting in the defaulted capital contribution and in respect of subsequent Fund investments which, in turn, will reduce the degree of diversification of such investors' investment and increase such investors' risk of loss.
16. **Bridge Financings.** From time to time, in certain circumstances (as set forth in the Governing Documents) an Advisory Client may lend to portfolio companies on a short term, unsecured basis in anticipation of a future issuance of equity or long term debt securities. Where permitted under its Governing Documents, an Advisory Client may look to convert such bridge loans into a more permanent, long term security; however, for reasons not always in Grafine's control, such long term securities may not be issued and such bridge loans may remain outstanding. In such event, the interest rate on such loans may not adequately reflect the risk associated with the unsecured position.
17. **Risks Arising From Conditions of Credit Markets.** As a result of adverse conditions of U.S. and global credit markets and for other reasons, a Fund may not be able to borrow

funds, including through commitment-based or other credit facilities, or may be able to borrow such funds only on unfavorable terms. The unavailability of credit on favorable terms may limit a Fund's ability to pursue its investment strategy and may adversely affect the performance of such Fund.

18. **Risk of Leverage.** Certain Advisory Clients are permitted to borrow funds to pay partnership expenses, to make new or follow-on investments, or to make payments under guarantee, surety or hedging transactions in accordance with the Governing Documents. The use of borrowed funds creates the opportunity for greater total returns, but at the same time involves certain risks. Since the Advisory Client generally will pay principal of, and interest on, its borrowings prior to making any distributions to the investors, an increase or decrease in capital or income of the Advisory Client will have an increased effect on the returns to the investors. The use of leverage by a Fund generally also will result in fees, interest expense and other costs to such Fund that may not be covered by distributions made to such Fund or appreciation of its investments. Because any decline in the value of the Advisory Client's investments would be borne entirely by the applicable investors, the effect of leverage in a declining market would result in a greater decrease in capital than if such vehicle was not leveraged. In addition, to the extent a Fund incurs leverage (or provides such guaranties), such amounts are permitted to be secured by Commitments made by such Fund's investors and such investors' contributions may be required to be made directly to the lenders instead of such Fund.

Investments may be made in portfolio companies whose capital structures have significant leverage. Although Grafine will seek to use leverage in a prudent manner, the leveraged capital structure of such investments will increase the exposure of the portfolio companies to adverse economic factors such as rising interest rates, downturns in the economy or deteriorations in the condition of the portfolio companies or their industries. The incurrence of significant indebtedness could also subject such portfolio companies to restrictive covenants, terms and conditions the violation of which would be viewed by creditors as an event of default and which could require the prepayment of debt using excess cash flow and limit such portfolio companies' ability to respond to changing industry conditions, make necessary capital expenditures, obtain additional financing, take advantage of growth opportunities or engage in strategic acquisitions.

19. **Subscription Lines.** A Fund generally is permitted to enter into a subscription line with one or more lenders in order to finance its operations (including the acquisition of the Fund's investments). Fund-level borrowing subjects limited partners to certain risks and costs. For example, because amounts borrowed under a subscription line typically are secured by pledges of the relevant GP's right to call capital from the limited partners, limited partners may be obligated to contribute capital on an accelerated basis if the Fund fails to repay the amounts borrowed under a subscription line or experiences an event of default thereunder. Moreover, any limited partner claim against the Fund would likely be subordinate to the Fund's obligations to a subscription line's creditors.

In addition, Fund-level borrowing will result in incremental partnership expenses that will be borne by investors. These expenses typically include interest on the amounts borrowed,

unused commitment fees on the committed but unfunded portion of a subscription line, an upfront fee for establishing a subscription line, and other one-time and recurring fees and/or expenses, as well as legal fees relating to the establishment, structuring and negotiation of the terms of the borrowing facility, as well as expenses relating to the maintenance, renegotiating or terminating the facility. Because a subscription line's interest rate is based in part on the creditworthiness of the relevant Fund's limited partners and the terms of the Governing Documents, it may be higher than the interest rate a limited partner could obtain individually. To the extent a particular limited partner's cost of capital is lower than the Fund's cost of borrowing, Fund-level borrowing can negatively impact a limited partner's overall individual financial returns even if it increases the Fund's reported net returns in certain methods of calculation. Conflicts of interest have the potential to arise in that the use of Fund-level borrowing typically delays the need for limited partners to make contributions to a Fund, which in certain circumstances enhances the relevant Fund's internal rate of return calculations and thereby may be deemed to benefit the marketing efforts of the GP and its affiliates. Conflicts of interest also have the potential to arise to the extent that a subscription line is used to make an investment that is later sold in part to co-investors (including one or more co-investing Funds), as to the extent co-investors are not required to act as guarantors under the relevant facility or pay related costs or expenses, co-investors nevertheless stand to receive the benefit of the use of the subscription line and neither the relevant Fund nor investors generally will be compensated for providing the relevant guarantee(s) or being subject to the related costs, expenses and/or liabilities.

A credit agreement or borrowing facility frequently will contain other terms that restrict the activities of a Fund and the limited partners or impose additional obligations on them. For example, certain lenders or facilities are expected to impose restrictions on the relevant GP's ability to consent to the transfer of a limited partner's interest in the Fund or impose concentration or other limits on the Fund's investments, and/or financial or other covenants, that could affect the implementation of the Fund's investment strategy. In addition, in order to secure a subscription line, the relevant GP may request certain financial information and other documentation from limited partners to share with lenders. The GP will have significant discretion in negotiating the terms of any subscription line and may agree to terms that are not the most favorable to one or more limited partners.

Fund-level borrowing involves a number of additional risks. For example, drawing down on a subscription line allows the GP to fund investments and pay partnership expenses without calling capital, potentially for extended periods of time. Calling a large amount of capital at once to repay the then-current amount outstanding under a subscription line could cause short-term liquidity concerns for limited partners that would not arise had the relevant GP called smaller amounts of capital incrementally over time as needed by a Fund. This risk would be heightened for a limited partner with commitments to other funds that employ similar borrowing strategies or with respect to other leveraged assets in its portfolio; a single market event could trigger simultaneous capital calls, requiring the limited partner to meet the accumulated, larger capital calls at the same time. The GP is authorized to use Fund-level borrowing to pay management fees and to reimburse Grafine for expenses incurred on behalf of the Fund. A Fund is also permitted to utilize Fund-level borrowing when the GP expects to repay the amount outstanding through means other than limited partner capital, including as a bridge for equity or debt capital with respect to an investment.

If the Fund ultimately is unable to repay the borrowings through those other means, limited partners would end up with increased exposure to the underlying investment, which could result in greater losses.

20. **Availability of Financing.** An Advisory Client's ability to invest in portfolio companies may depend on the availability and terms of any borrowings that are required or desirable with respect to such investments. A decrease in the availability of financing (or an increase in the interest cost) for leveraged transactions, whether due to adverse changes in economic or financial market conditions or a decreased appetite for risk by lenders, could impair Grafine's ability to consummate these transactions and could adversely affect the Advisory Client's returns.

21. **Hedging Policies and Risks; Synthetic Investments.** In connection with the financing of certain investments, Grafine is permitted to employ hedging techniques designed to reduce the risks of such investments, including, without limitation, adverse movements in interest rates, securities prices and currency exchange rates. However, Grafine is not required to employ such hedging techniques in connection with its investments and may be unable to anticipate all risks against which such hedges could be employed. In addition, such transactions have inherent risks associated with them, including the possible default by the counter-party to the transaction and the illiquidity of the instrument used to hedge. Although such transactions may reduce exposure to, among other things, currency fluctuations or decreases in the value of investments, the costs and risks associated with these arrangements may reduce the returns that an Advisory Client would have otherwise achieved if these transactions were not entered into. In addition, although such hedging transactions may hedge economic risks, they may not be effective hedges for tax purposes. For example, the tax character of the gain or loss on the hedging transaction may differ from the character of the gain or loss on the investment or the timing of the gain or loss for tax purposes may differ between the hedging transaction and the investment.

With respect to any investments in synthetic instruments, the Advisory Client will have a contractual relationship only with the synthetic instrument counterparty, and no direct rights with respect to the underlying asset. The Advisory Client may not have any voting, information, or other rights of ownership with respect to the underlying asset. In addition, the Advisory Client will be subject to the credit risk of the synthetic instrument counterparty, and, in the event of the insolvency of such counterparty, the Advisory Client generally will be treated as a general creditor of such counterparty and will not have any claim of title with respect to the underlying asset.

22. **Controlling Interests.** Because of its equity ownership, representation on the board of directors and/or contractual rights, Grafine and/or an Advisory Client may be considered to control, participate in the management of or influence the conduct of portfolio companies. The exercise of control over a company may impose additional risks of liability for environmental damage, product defects, pension and other fringe benefits, failure to supervise management, violation of laws and governmental regulations (including securities laws) and other types of liability, for which the limited liability generally afforded to investors may be ignored. If these liabilities

were to arise, the Advisory Client may suffer a significant loss, exposing its assets to claims by a portfolio company, its other security holders, its creditors or governmental agencies, which may exceed the value of the Advisory Client's initial investment in that portfolio company.

23. **Repayment of Certain Distributions.** In the event an Advisory Client is otherwise unable to meet its obligations, the investors may be required to repay, or to pay to creditors of the Advisory Client, distributions previously received by them in accordance with the Governing Documents. In addition, investors may be required to pay to the Advisory Client amounts that are required to be withheld by the Advisory Client for tax purposes.
24. **Relationship with Strategic Investor.** Grafine reserves the right to agree to waive or modify the application of any provision of the offering terms described in a Fund's Disclosure Documents (as applicable) and/or Governing Documents with respect to any investor, by side letter or otherwise, without obtaining the consent of any other investor. As a result of such side letters, certain investors may receive additional benefits which other investors will not receive. Grafine has entered into a contract with a "Strategic Investor", who has an ownership stake in Grafine Partners, LP. Further, the Strategic Investor currently has a substantial investment in a Fund managed by an affiliate of Grafine. The Strategic Investor is not a sponsor or promoter of the Fund, has no duties to the Fund and will not be liable to the Fund for exercising or not exercising any respective rights.
25. **Cyber Security.** With the increased use of technologies such as the internet and the dependence on computer systems to perform necessary business functions, investment vehicles such as the Funds and service providers may be prone to operational and information security risks resulting from cyber-attacks. In general, cyber-attacks result from deliberate attacks, but unintentional events may have effects similar to those caused by cyber-attacks. Cyber-attacks include, among other behaviors, stealing or corrupting data maintained online or digitally, denial-of-service attacks on websites, the unauthorized release of confidential information and causing operational disruption. Successful cyberattacks against, or security breakdowns of, the Fund, the general partner, the Adviser, the Administrator and/or other third-party service providers may adversely impact the Funds or the investors. For instance, cyber-attacks may interfere with the processing of investor subscriptions or withdrawals, impact the Funds' ability to value its assets, cause the release of private investors information or confidential information of the Funds, impede Fund operations, cause reputational damage, and/or subject the Funds to regulatory fines, penalties or financial losses, reimbursement or other compensation costs, and/or additional compliance costs. The Funds also may incur substantial costs for cybersecurity risk management to prevent any cyber incidents in the future. The Funds and the investors could be negatively impacted as a result. While the Adviser has established business continuity plans and systems designed to prevent such cyber-attacks, there are inherent limitations in such plans and systems including the possibility that certain risks have not been identified.
26. **Epidemics/Pandemics.** Certain countries have been susceptible to epidemics or

pandemics, most recently a novel and highly contagious form of coronavirus (“COVID-19”). The outbreak of such epidemics or pandemics, together with any resulting restrictions on travel or quarantines imposed, has had and will continue to have a negative impact on the worldwide economy, global markets and business activity globally (particularly with respect to economies of nations where the novel coronavirus has arisen including in the countries in which Funds invest), and thereby is expected to adversely affect the performance of Funds’ investments. Furthermore, the rapid development of epidemics or pandemics could preclude prediction as to their ultimate adverse impact on global economic and market conditions, including volatility in or disruption of the markets, and, as a result, presents material uncertainty and risk with respect to the Funds and the performance of their investments or operations, and could have a material adverse impact on the ability of the Adviser and Funds to make investments, and the ability of Funds to achieve investment objectives.

27. **Enhanced Scrutiny and Certain Effects of Potential Regulatory Changes.** There continue to be discussions regarding enhanced governmental scrutiny and/or increased regulation of the private equity and venture capital industries. There can be no assurance that any such scrutiny or regulation will not have an adverse impact on a Fund’s activities, including the ability of a Fund or its portfolio companies to effectively and timely address such regulations, implement operating improvements or otherwise execute its investment strategy or achieve its investment objectives. The combination of such scrutiny of private equity firms (along with other alternative asset managers) and their investments by various politicians, regulators and market commentators, and the public perception that certain alternative asset managers, including private equity firms, contributed to the recent downturn in the U.S. and global financial markets, may complicate or prevent a Fund’s efforts to structure, consummate and/or exit investments, both in general and relative to competing bidders outside of the alternative asset space. As a result, the Funds may invest in fewer transactions or incur greater expenses or delays in completing or exiting investments than they otherwise would have.

Additionally, the SEC has indicated that it intends to seek to enact changes to numerous areas of law and regulations that would impact the business of Grafine and the Funds. In particular, the SEC has signaled an increased emphasis on investment adviser and private fund regulation and has proposed a number of new rules that, if adopted, would impose significant changes on private fund advisers and their management of private funds, and the SEC is expected to propose additional changes in the future. Any such changes are expected to materially impact Grafine and its affiliates, the Fund and/or its investments, as well as increasing their expenses. Significant time and resources may be required to comply with new regulations, which potentially will detract from the time and resources dedicated to the Fund.

28. **Limited Access to Information.** Limited partners’ rights to information regarding a Fund, the relevant GP or Grafine generally will be specified, and in many cases strictly limited, by the Governing Documents. In particular, it is anticipated that the GP and its affiliates will obtain certain types of material information from or relating to a Fund’s investments that will not be disclosed to limited partners because such disclosure is prohibited, including as a result of contractual, legal or similar obligations outside of Grafine’s control.

Decisions by Grafine or its affiliates to withhold information may have adverse consequences for limited partners in a variety of circumstances. For example, a limited partner that seeks to transfer its interest in a Fund may have difficulty in determining an appropriate price for such interest. Decisions to withhold information may also make it difficult for a limited partner to monitor Grafine and its performance. Additionally, it is anticipated that limited partners that designate representatives to participate on a Fund's advisory board generally may, by virtue of such participation, have more or earlier information about a Fund and its investments in certain circumstances than other limited partners. Limited partners generally will bear the expenses of responding to disclosure requests, including in connection with state public records, similar freedom of information and other laws, whether or not the relevant Fund succeeds in asserting confidentiality for requested documents and other materials, and Grafine reserves the right to withhold certain information from investors subject to such laws for reasons relating to Grafine's public reputation, business strategy or other reasons.

29. **Russia-Ukraine Conflict.** There is currently an ongoing military conflict between Russia and the Ukraine which, in a relatively short period of time, has caused disruption to global financial systems, trade and transport, among other things. In response, multiple other countries have put in place global sanctions and other severe restrictions or prohibitions on the activities of individuals and businesses connected to Russia. However, the ultimate impact of the Russia-Ukraine conflict and its effect on global economic and commercial activity and conditions, and on the operations, financial condition and performance of the Funds or any particular industry, business or investee country and the duration and severity of those effects, is impossible to predict.

The Russia-Ukraine conflict may have a significant adverse impact and result in significant losses to the Funds. This impact may include reductions in revenue and growth, unexpected operational losses and liabilities and reductions in the availability of capital. It may also limit the ability of a Fund to source, diligence and execute new investments and to manage, finance and exit investments in the future. Developing and further governmental actions (military or otherwise) may cause additional disruption and constrain or alter existing financial, legal and regulatory frameworks and systems in ways that are adverse to the investment strategy which any Fund intends to pursue, all of which could adversely affect the Fund's ability to fulfill its investment objectives.

### **Conflicts of Interest**

The information contained herein is a summary only and it is critical that investors refer to the Governing Documents and Disclosure Documents of the applicable Grafine investment vehicle for a complete overview of Grafine's investment strategies and the material risks associated therewith. The information contained herein is qualified in its entirety by such documents. In addition, prospective investors should also consult their own legal, investment, tax, regulatory and other advisers as to whether an investment in a Grafine investment vehicle is appropriate for them.

Grafine's relationship with the Strategic Investor also gives rise to a number of actual, potential and apparent conflicts of interest.

Some examples of such conflicts include:

- **Investment Allocations:** Grafine is responsible for sourcing investments for, and allocating investments between, Advisory Clients, subject to restrictions in the Governing Documents and contractual arrangements agreed to by the various vehicles and disclosed to investors. Despite these restrictions, Grafine still exercises discretion in making such allocation determinations, and potential conflicts are expected to arise. In addition, while Grafine bases its allocation decisions on the information available to us at the time, this information may prove in retrospect to be incomplete or otherwise flawed.
- **Investment Structuring:** In selecting and structuring investments for Advisory Clients, Grafine considers the respective legal, tax and regulatory constraints of the investors, including the Strategic Investor. However, Grafine cannot guarantee that it will be able to structure investments in a manner that satisfies the concerns of all investors. These conflicts and certain other commitments are described in greater detail in the Disclosure Documents.

While Grafine seeks to structure the making and disposition of investments in a manner that considers the interests of all investors, it may not always be possible to do so in accordance with the terms of the Governing Documents, and the terms of such sale may be less favorable than the terms that a Fund could achieve if Grafine were not subject to such obligations.

- Grafine receives a management fee and other payments, and the GP expects to be eligible to receive a performance-based allocation for their services to the Funds (as disclosed in Item 5 of this Brochure). As noted in Item 6, the possibility that the GP could receive performance-based compensation creates a potential conflict of interest in that it creates an incentive for Grafine to make more speculative investments than it might otherwise make. It should also be noted that potential conflicts regarding performance-based compensation are expected to arise to the degree that Grafine brings in additional Advisory Clients or forms additional Funds or co-investment vehicles. Grafine recognizes its fiduciary status and its obligation to treat all Advisory Clients in a fair and equitable manner.
- Grafine maintains a “watch list” containing securities/companies in which Access Persons are prohibited from investing without appropriate pre-clearance from the Chief Compliance Officer. Further, pursuant to Advisers Act Rule 204A-1, Grafine requires its Access Persons to obtain the Chief Compliance Officer’s approval before they directly or indirectly acquire beneficial ownership in any security in an initial public offering (if permissible) or in a limited offering (such as a private fund, including a hedge fund, private equity fund, etc.).
- As described in Item 5 of this Brochure, Grafine may receive financial consulting fees, directors’ fees, monitoring fees and other deal fees and break-up fees earned in respect of the Funds’ investments. Any such fees received in connection with an investment will be allocated among the participating Funds pro rata based on the amount contributed to the investment.

- Grafine and/or its affiliates and Grafine's key investment professionals intend to devote such time as shall be necessary to conduct the business affairs of the Funds and other Advisory Clients in an active and appropriate manner. However, investors should be aware that key investment professionals may have other responsibilities to Grafine and/or its affiliates, including, without limitation, any advisory or other financial services business in which Grafine may engage, as permitted under the applicable Governing Documents. Such investment professionals may also form other investment vehicles in the future that are independent of the Funds.
- Grafine and/or its affiliates, currently, and expect in the future to, engage in a broad spectrum of activities, as permitted under the applicable Governing Documents, including principal investing (including investing alongside the Funds), advisory services, underwriting, investment management activities, sponsoring and managing private investment funds, time to other business lines such as Grafine BD, and other similar activities on a global basis. In the ordinary course of business, Grafine and/or its affiliates expect to engage in activities where its interests or the interests of other Advisory Clients may conflict with the interests of a particular Fund, the portfolio companies, the investors or the General Partner. Potential conflicts of interest are expected to also arise between Grafine and/or certain of its affiliates, on the one hand, and Advisory Clients, on the other hand.
- Grafine may give advice and provide recommendations to persons competing with an Advisory Client and/or any of the portfolio companies that are contrary to the interests of the Advisory Client and/or any of the portfolio companies. Grafine may receive significant advisory or other fees from other investment funds, portfolio companies and/or other future funds sponsored by Grafine. The Advisory Clients will not share in such fees or other benefits that may accrue to Grafine.
- Grafine may form other investment funds, including funds whose investment objectives may overlap with the investment objectives of a particular Advisory Client. Grafine's investment team may be responsible for the management of other investment funds that Grafine may form and may have obligations to offer investments to such funds and their successors. Accordingly, investment opportunities that are otherwise appropriate for a particular Fund may instead be offered, in whole or in part, to other Grafine investment funds. In allocating investment and co-investment opportunities between a Fund and such other investment funds, Grafine's investment team will take into account various factors, which may include the investment objectives, the available capital commitments, the targeted rates of return, the stage of development of the prospective portfolio company and the composition of the portfolios of the applicable Fund and such other investment funds. No approval from the Advisory Board will be required for any investment by a particular Advisory Client in any portfolio company of any investment fund managed or controlled by Grafine or any of its respective affiliates, so long as such investment is made on arm's length terms.
- Where appropriate and feasible, Grafine/the GP reserves the right to offer some or all

Fund investors and/or any other persons (which may include, among others, affiliates and employees of Grafine and investors in other funds advised by Grafine in the future) opportunities to co-invest in investments in which the Funds are investing in accordance with the Governing Documents. Such investors and/or other persons may make such co-investments on terms and conditions that are materially different from each other and the investment by a particular Fund, and these terms may be more or less favorable to such investors and/or other persons, including with respect to fees, expenses, carried interest, exit rights and other material terms. Some or all of the investors or other persons participating in a co-investment opportunity may or may not be charged carried interest, management fees or other fees in connection therewith.

- Allowing any co-investment generally reduces the amount of the relevant investment opportunity that theoretically could have been taken by the relevant Fund, and because co-invest opportunities generally appeal to Fund investors and third parties, Grafine expects to be subject to potential conflicts of interest in determining the amount of investment opportunity that should be allocated to the relevant Fund. When and to the extent that employees and related persons of Grafine and its affiliates make capital investments in or alongside certain Funds, Grafine and its affiliates are subject to potentially conflicting interests in connection with these investments. There can be no assurance that any Fund's return from a transaction would be equal to and not less than another Fund participating in the same transaction or that it would have been as favorable as it would have been had such conflict not existed.
- Grafine's allocation of investment opportunities among the persons and in the manner discussed herein often will not result in proportional allocations among such persons, and such allocations likely will be more or less advantageous to some such persons relative to others. While Grafine will allocate investment opportunities in a manner that it believes is fair and equitable to its clients under the circumstances over time and considering relevant factors, there can be no assurance that a Fund's actual allocation of an investment opportunity, if any, or the terms on which that allocation is made, will be as favorable as they would be if the potential conflicts of interest to which Grafine expects to be subject, discussed herein, did not exist.
- Unless otherwise set forth in the Governing Documents, the GP is under no obligation to provide co-investment opportunities to investors, and any such co-investment opportunity may be offered to some and not other investors. Co-investment opportunities may be allocated among any investors in any Advisory Client advised by Grafine, and/or other persons as determined by the GP in its sole discretion (including Grafine affiliates), and any such allocations as between investors may not correspond to their pro rata interests in a particular Advisory Client. In addition, the allocation of a co-investment opportunity to persons that are not investors (including Grafine affiliates) would result in the investors receiving a smaller share of such co-investment opportunity than they would have had the entire co-investment opportunity been offered to the investors.
- Grafine or its affiliates reserve the right to enter into contractual arrangements with investors and/or third parties providing preferential rights to co-invest in the portfolio

companies, and the GP and/or its affiliates may receive economic, strategic or other benefits from such arrangements. Such arrangements are expected to create an incentive for the GP to allocate co-investment opportunities differently than it would in the absence of such arrangements and may reduce the co-investment opportunities available for other investors.

- The participation by one or more co-investors in an investment has the potential to present conflicts as a result of differing interests as between an Advisory Client and such co-investors. In addition, the applicable Advisory Client's interest in an investment has the potential to be negatively impacted by the actions of a participating co-investor, including as a result of such co-investor's failure to fund any portion of its investment.
- As a broker dealer, Grafine BD and its affiliates provide a range of business services to their clients including merchant banking and placement services, some of which may give rise to potential conflicts of interest between the Funds, on one hand, and Grafine BD, its affiliates and certain of their clients, on the other hand. In certain instances, some of such conflicts of interest may be resolved in a manner adverse to a Fund and its ability to achieve its investment objectives. Grafine BD may be entitled to receive fees, including placement fees, from or equity interests in, an investment partner or affiliate that engages it, none of which will accrue to the benefit of a Fund or represent transaction fees that offset management fees. To the extent permitted by applicable law, placement fees or other compensation paid to Grafine BD will not be applied to reduce a Fund's management fees and in such case there exists the potential for a conflict of interest as between Grafine BD earning such fees or compensation and the relevant GP.
- Grafine and/or its affiliates reserve the right to enter into side letters with certain investors in a Fund providing such investors with different or preferential rights or terms, including, but not limited to, different fee structures or arrangements (including discounted or rebated compensation terms, modified waterfall mechanics and/or receipt of a portion of Grafine's compensation), information rights, specialized reporting, priority co-investment rights or targeted co-investment amounts, rights to serve on the Fund's advisory committee, liquidity or transfer rights, confidentiality protections and disclosure rights, modification of default remedies, investment pacing restrictions, as well as economic procedural and other terms.
- Grafine generally exercises its discretion to recommend to a Fund or to a portfolio company thereof that it contract for services with certain service providers, and from time to time such service providers are expected to include: (i) Grafine or a related person of Grafine (which may include a portfolio company of such Fund); (ii) an entity with which Grafine or its affiliates or current or former members of their personnel has a relationship or from which Grafine or its affiliates or their personnel otherwise derives financial or other benefit, including relationships with joint venturers or co-venturers, or relationships where Grafine personnel are seconded, or from which Grafine receives secondees; or (iii) certain limited partners or their affiliates. For example, Grafine expects to be presented with opportunities to receive financing and/or other services in connection with a Fund's investments from certain limited partners or their affiliates that are engaged in lending or related business. This discretion subjects Grafine to conflicts of interest, because, although Grafine selects service providers that it believes are aligned with its operational strategies and will enhance

portfolio company performance and, relatedly, returns of the relevant Fund, Grafine has a potential incentive to recommend the related or other person (including a limited partner) because of its financial or other business interest. There is a possibility that Grafine, because of such belief or for other reasons (including whether the use of such persons could establish, recognize, strengthen and/or cultivate relationships that have the potential to provide longer-term benefits to the relevant Funds or Grafine), would favor such retention or continuation even if a better price and/or quality of service could be obtained from another person. Grafine will not necessarily seek out the lowest cost options when incurring (or causing a Fund or its portfolio companies to incur) such expenses. Although Grafine generally seeks appropriate rates for services, it reserves the right to prioritize prior usage, perceived sector competence or expertise, familiarity, onboarding speed or other factors in retaining or recommending service providers. In certain circumstances where Grafine commits or has committed to seek “market” or “arms-length” rates or terms, Grafine will do so in its sole discretion, seeking rates that it has determined in its sole discretion to be reflective of the range of rates in the applicable or related markets. Grafine reserves the right to deem third-party investment in a transaction to be verification that the transaction was entered into at a value that is “arms-length.” Consequently, Grafine undertakes no minimum amount of benchmarking, and does not represent that any such benchmarking ultimately will be accurate, comparable or relate specifically to the assets or, services or comparable markets to which such rates or terms relate. Where such rates or terms include hourly components, Grafine reserves the right to rely on approximations or estimates of time spent for purposes of allocating or charging for services. Any methodology, or choice among methodologies, involves potential conflicts of interest. Whether or not Grafine has a relationship or receives financial or other benefit from recommending a particular service provider, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

- Grafine and/or its affiliates reserve the right to employ personnel with pre-existing ownership interests in portfolio companies owned by the Funds or other investment vehicles advised by Grafine and/or its affiliates; conversely, current or former personnel or executives of Grafine and/or its affiliates are expected from time to time to serve in significant management roles at portfolio companies or service providers recommended by Grafine. Similarly, Grafine, its affiliates and/or personnel maintain relationships with (or invest in) financial institutions, service providers and other market participants, including, but not limited to, managers of private funds, banks, brokers, advisors, consultants, finders (including executive finders and portfolio company finders), executives, attorneys, accountants, institutional investors, family offices, lenders, current and former employees, and current and former portfolio company executives, as well as certain family members or close contacts of these persons. Certain of these persons or entities will invest (or will be affiliated with an investor) in, engage in transactions with and/or provide services (including services at reduced rates) to, Grafine and/or its affiliates and/or the Funds or other investment vehicles they advise. In other circumstances, these vendors are expected to provide personal banking, private wealth or lending arrangements (including lending arrangements with respect to personal investments in or through Grafine entities) to Grafine personnel and their estate planning vehicles. Grafine expects to be subject to a potential conflict of interest with a Fund in recommending the retention or continuation of a third-party service provider to such Fund or a portfolio company if such recommendation, for

example, is motivated by a belief that the service provider or its affiliate(s) will continue to invest in one or more Funds, will provide Grafine information about markets and industries in which Grafine operates (or is contemplating operations) or will provide other services that are beneficial to Grafine or one or more other Funds. Grafine expects to be subject to a potential conflict of interest in making such recommendations, in that Grafine has an incentive to maintain goodwill between it and the existing and prospective portfolio companies for a Fund, while the products or services recommended may not necessarily be the best available to a Fund or its portfolio companies.

Grafine primarily addresses the potential conflicts noted above by enforcing a robust Code of Ethics that (i) requires Access Persons to place the interests of the Advisory Clients over their own, (ii) requires all Access Persons to acknowledge their receipt and understanding of the Code, upon hire and annually thereafter, and (iii) prohibits Access Persons from making investments in certain securities/companies without appropriate preclearance from the Chief Compliance Officer.

**It is critical that investors and prospective investors in Funds refer to the respective Fund's Disclosure Documents (as applicable) and/or Governing Documents for a detailed description of potential conflicts of interest related to an investment. The information contained herein is a summary only, and investors and prospective investors are advised to carefully review all conflicts of interest set forth in the relevant Disclosure Documents and/or Governing Documents.**

## **ITEM 9 – DISCIPLINARY INFORMATION**

Grafine is required to disclose all material facts regarding any legal or disciplinary events that would be material to an investor's evaluation of Grafine or the integrity of Grafine's management. Grafine has no legal or disciplinary information to disclose at this time.

## ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Depending on the structure of a particular investment arrangement affiliates of Grafine may serve as GP to a Fund or SPV, and together with Grafine, provide investment management and administrative services to the respective Fund. The GP may be entitled to receive performance compensation which creates a potential conflict of interest in that it creates an incentive for Grafine to make investments that are riskier or more speculative than in the absence of such performance-based fees.

Grafine Capital Partners LLC (“**Grafine BD**”), which is under common control with Grafine, is registered with the SEC and FINRA as a “capital acquisition broker,” a category of broker-dealer engaged in a limited range of activities including private placement services. Grafine BD may act as placement agent for Funds managed by Grafine.

Both Grafine and Grafine BD maintain internal compliance policies that are intended to address and minimize potential conflicts and risks related to their affiliation and each has adopted controls to separate the activities of Grafine and Grafine BD. Grafine BD will not receive compensation for providing services to the Funds.

As described elsewhere in this Brochure, Grafine may seek to make significant investments in portfolio companies. Grafine may seek control or substantial minority positions in portfolio companies, with board representation and customary shareholder rights. As such, Grafine’s management persons and/or related persons may have management roles with portfolio companies.

Further, Grafine’s management persons and/or related persons have worked on other projects (other than for Grafine), including projects for their personal benefit, which may be investment advisory in nature. Such personnel will also serve as members of the boards of directors of various companies other than portfolio companies. The possibility exists that such companies could engage in transactions which would be suitable for the Advisory Clients but in which the Advisory Clients might be unable to invest. Grafine’s key investment professionals may also enter into strategic alliances or form other investment vehicles in the future that are independent of the Advisory Client as permitted under the applicable Governing Documents. Conflicts may arise in the allocation of management resources as a result of such other activities.

Grafine maintains internal compliance policies that are intended to minimize the negative effects of such conflicts if they arise; however, there can be no assurance that permitting the board membership of Grafine’s management persons and/or related persons will not result in less favorable results for the Funds than if such personnel were not permitted to serve in such capacity. Finally, it should be noted that investors are provided with disclosure with respect to these potential conflicts in the respective Fund’s, or other Advisory Client’s, Disclosure Documents (as applicable) and/or Governing Documents.

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

### **Code of Ethics**

Grafine has adopted a Code of Ethics (the “**Code**”) designed to meet the requirements of Advisers Act Rule 204A-1. The Code applies to Grafine’s “Access Persons.” Access Persons include, generally, any member, officer or director of Grafine and employees (as applicable) of Grafine who, in relation to the Advisory Clients: (1) has access to non-public information regarding any purchase or sale of securities, or non-public information regarding securities holdings or (2) is involved in making securities recommendations, executing securities recommendations, or has access to such recommendations that are non-public. All Grafine employees are treated as Access Persons.

The Code sets forth a standard of business conduct that takes into account Grafine’s status as a fiduciary to the Advisory Clients and requires Access Persons to place the interests of Advisory Clients above their own interests. The Code requires Access Persons to comply with applicable federal securities laws. Further, Access Persons are required to promptly bring violations of the Code to the attention of Grafine’s Chief Compliance Officer. All Access Persons are provided with a copy of the Code and are required to acknowledge receipt of the Code upon hire and on at least an annual basis thereafter.

The Code sets forth certain reporting and pre-clearance requirements with respect to personal trading by Access Persons. Each Access Person is required to provide Grafine’s Chief Compliance Officer with a list of their personal accounts and an initial holdings report listing the holdings of such personal accounts within 10 days of becoming an Access Person. In addition, Grafine’s Access Persons are required to provide annual holdings reports and quarterly transaction reports detailing, respectively, the securities holdings and quarterly transactions in their personal accounts in accordance with Advisers Act Rule 204A-1.

The Code also describes Grafine’s duty to protect material non-public information about securities/investment recommendations provided to (or made on behalf of) Advisory Clients.

Investors or prospective investors may obtain a copy of the Code by contacting Grafine.

In borrowing on behalf of a Fund, Grafine is subject to conflicts of interest between repaying its obligations and retaining such borrowed amounts for the benefit of the Fund, and in circumstances where interest accrues on any such outstanding borrowings at a rate lower than the relevant Fund’s preferred return, is expected to have incentives to cause the Fund to borrow in this manner rather than drawing down capital commitments. Where a preferred return begins to accrue after capital contributions are due (regardless of when the Fund borrows, makes the relevant investment, or pays expenses) and ceases to accrue upon return of these capital contributions, the use of borrowing to shorten the period between calling and returning capital limits the amount of time the preferred return will accrue. In circumstances where there is not a preferred return on funds borrowed in advance or in lieu of calling capital, Fund-level borrowing typically will reduce the amount of preferred return to which the limited partners would otherwise be entitled had the GP called capital,

and thus could result in the relevant GP receiving carried interest sooner than it would without borrowing. The relevant GP generally will not participate in a Fund-level borrowing facility, and generally will not bear the related costs attributable thereto, including interest expenses or costs payable, in which case such amounts will be borne solely by the limited partners. In addition, when the management fee is calculated as a percentage of invested capital, a limited partner may pay management fees on borrowed amounts used to fund investments that have not yet been realized even though such amounts would not accrue preferred return as described above. It is expected that the costs relating to the establishment and/or maintenance of a subscription line of credit will be significant, and there can be no assurance that the benefits to limited partners will be commensurate with such costs.

## **ITEM 12 – BROKERAGE PRACTICES**

The private company securities which are the primary investments by the Advisory Clients are generally purchased in private placement transactions, without the payment of brokerage commissions or dealer mark-ups. However, Grafine reserves the right to acquire public securities through market purchases, distribute securities to investors in the Funds or sell such securities, including through use of a broker-dealer. Private investments for Advisory Clients may be conducted through Grafine BD, Grafine's affiliated broker-dealer. Although Grafine does not intend to regularly engage in public securities transactions, to the extent it does so, it intends to follow the brokerage practices described below.

If Grafine sells publicly traded securities for a Fund, it will seek to select brokers on the basis of best price and execution capability. Grafine generally does not intend to use Grafine BD for trading or execution activities; however, as discussed above, Grafine has a potential incentive to select Grafine BD for certain other matters because of its financial or other business interest, subject to its duties to seek best execution on behalf of the Funds. In selecting a broker to execute client transactions, Grafine reserves the right to consider a variety of factors, including: (i) execution capabilities with respect to the relevant type of order; (ii) commissions charged; (iii) the reputation of the firm being considered; and (iv) responsiveness to requests for trade data and other financial information.

Grafine has no duty or obligation to seek in advance competitive bidding for the most favorable commission rate applicable to any particular client transaction or to select any broker on the basis of its purported or "posted" commission rate, but will endeavor to be aware of the current level of the charges of eligible brokers and to reduce the expenses incurred for effecting client transactions to the extent consistent with the interests of such clients. Although Grafine generally seeks competitive commission rates, it may not necessarily pay the lowest commission or commission equivalent. Transactions may involve specialized services on the part of the broker involved and thereby entail higher commissions or their equivalents than would be the case with other transactions requiring more routine services.

Consistent with Grafine seeking to obtain best execution, brokerage commissions on client transactions are permitted to be directed to brokers in recognition of research furnished by them, although Grafine generally does not make use of such services at the current time and has not made use of such services since its inception. As a general matter, research provided by these brokers would be used to service all of Grafine's Funds. However, each and every research service may not be used for the benefit of each and every Fund managed by Grafine, and brokerage commissions paid by one Fund may apply towards payment for research services that might not be used in the service of such Fund. Research services may be shared between Grafine and its affiliates.

To the extent that Grafine allocates brokerage business on the basis of research services, it expects to have an incentive to select or recommend broker-dealers based on the interest in receiving such research or other products or services, rather than based on its Funds' interest in receiving most favorable execution.

Grafine does not anticipate engaging in significant public securities transactions; however, to the extent that Grafine engages in any such transactions, orders for the purchase or sale of securities placed first will be executed first, and within a reasonable amount of time of order receipt. To the extent that orders for Funds are completed independently, Grafine also reserves the right to purchase or sell the same securities or instruments for several Funds simultaneously. From time to time, Grafine expects, but is not obligated, to purchase or sell securities for several client accounts at approximately the same time. Such orders may be combined or “batched” to facilitate obtaining best execution and/or to reduce brokerage commissions or other costs. Batched transactions are executed in a manner intended to ensure that no participating Fund of Grafine is favored over any other Fund. When an aggregated order is filled in its entirety, each participating Fund generally will receive the average price obtained on all such purchases or sales made during such trading day. To the extent such orders are not batched, they may have the effect of increasing brokerage commissions or other costs.

When an aggregate order is partially filled, the securities purchased or sold will normally be allocated on a *pro rata* basis to each Fund participating in such buy or sell order in accordance with the amount of securities originally requested for such Funds. Each Fund generally will receive the average price obtained on all such purchases or sales made during such trading day. Exceptions to *pro rata* allocations are permissible; provided Grafine believes they are fair and equitable to its clients under the circumstances over time.

In Grafine’s private company securities transactions on behalf of the Funds, Grafine reserves the right to retain one or more broker-dealers (including Grafine BD) or investment banks, the costs of which will be borne by the relevant Fund and/or its portfolio companies. In determining to retain such parties, Grafine reserves the right to consider a variety of factors, including: (i) capabilities with respect to the type of transaction being contemplated; (ii) commissions or fees charged; (iii) reputation of the firm being considered; and (iv) responsiveness to requests for information. As a result, although Grafine generally will seek reasonable rates for such services, the market for such services involves more subjective evaluations than public securities brokerage transactions, and the Funds may not pay the lowest commission or fee for such services.

Grafine does not utilize “soft dollars.”

### **ITEM 13 – REVIEW OF ACCOUNTS**

The Advisory Clients' portfolios are under continuous review by Grafine's investment team. Such reviews include a review of investment policy, the suitability of the investments used to meet policy objectives, and investment objectives. Grafine considers, among other things, investment performance, the portfolio's sensitivity to market changes, and whether anything has changed subsequent to an initial investment decision that impacts the risk or potential return.

Each investor in the Funds receives: (i) quarterly unaudited financial statements of the Fund, which may include a brief, written summary about quarterly overall Fund activity; (ii) an annual financial report audited by a nationally recognized accounting firm; and (iii) tax information regarding the Fund necessary for the completion of each investor's tax return.

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

Grafine does not anticipate directly or indirectly compensating any person for Fund or Advisory Client referrals. Notwithstanding the above, Grafine reserves the right from time to time to enter into solicitation arrangements pursuant to which it compensates third parties for referrals that result in a potential investor becoming a limited partner in a Fund. Any fees payable to any such placement agents generally will be borne by Grafine indirectly through an offset against the management fee under the Governing Documents, although related expenses incurred pursuant to the relevant placement agent or similar agreement, including, but not limited to, placement agent travel, meal and entertainment expenses, typically are borne by the relevant Fund(s).

## ITEM 15 – CUSTODY

Grafine is deemed to have custody of certain Fund’s assets pursuant to Advisers Act Rule 206(4)-2 (the “**Custody Rule**”).

As Grafine’s investment program primarily involves investments through pooled investment vehicles (Funds of Funds), we comply with the Custody Rule by undertaking to deliver audited financial statements to the investors/participants in such vehicles within 180 days after the end of the fiscal year of the relevant vehicle. These financial statements are:

- either prepared in accordance with U.S. generally accepted accounting principles (“**GAAP**”) (for U.S. vehicles) or international accounting standards (for certain offshore PE vehicles); and
- audited by an independent public accountant that is a member of the Public Company Accounting Oversight Board (“**PCAOB**”).

## **ITEM 16 – INVESTMENT DISCRETION**

As explained in Item 4 above, pursuant to the respective Fund's Disclosure Documents (as applicable) and/or Advisory Client's Governing Documents or advisory contract, Grafine typically has discretionary authority to manage securities accounts on behalf of the Advisory Clients. Grafine is authorized to make transaction recommendations for the Advisory Clients. Individual investors in Funds do not have the ability to impose limitations on Grafine's discretionary authority other than what has been negotiated in the relevant Governing Documents. Investors must execute a subscription agreement in which they make various representations, including representations regarding their suitability to invest in a high-risk investment pool. Further, investors execute a limited partnership agreement and/or subscription agreement which include a power of attorney clause.

## **ITEM 17 – VOTING CLIENT SECURITIES**

Grafine has authority to vote Advisory Client securities. However, based upon Grafine's business as a private equity fund manager (and general lack of involvement in publicly-traded securities), it is not anticipated that much proxy voting, if any, will occur. However, there are situations where private companies could have proxy issues (i.e., a private portfolio company needs approval of investors to make changes to board of directors, auditors, etc.). In such situations, Grafine (or the GP) may have authority to vote proxies on behalf of Advisory Clients.

Grafine has adopted and implemented policies and procedures reasonably designed to ensure that public company proxies (if applicable), as well as portfolio company solicitations received by Grafine on behalf of the Advisory Clients (together, "proxies"), are voted in the best interests of the Advisory Clients and investors, and to recognize and resolve any material conflicts of interest that may arise in the course of such voting.

Grafine and/or its personnel may have business or personal relationships with the proponents of proxy voting proposals, participants in proxy voting contests, corporate directors and officers, or candidates for directorships. If a conflict is identified, such individuals will then make a determination as to whether the conflict is material or not. If no material conflict is identified pursuant to these procedures, the proxy will be voted in accordance with the best interest of the relevant Advisory Client. If a material conflict is identified, such individuals will determine what course of action is in the best interests of the Advisory Client (which may include utilizing an independent third party to vote such proxies). Further, Grafine will determine whether it is appropriate to disclose the conflict to investors and give such investors the opportunity to vote the proxies in question themselves.

The Chief Compliance Officer (or his or her designee) will deliver proxies in accordance with instructions related to such proxy. In the event proxy voting procedures were ever to be utilized, Grafine would keep a record of its proxy voting policies and procedures, proxy statements received, votes cast, all communications received and internal documents created that were material to voting decisions, and each investor request for proxy voting records and Grafine's response for the previous five years.

Investors or prospective investors may obtain additional information regarding how Grafine voted proxies (if any) and may obtain a copy of Grafine's proxy voting policies and procedures by contacting Grafine at (212)-235-2045 or by email at [info@grafine.com](mailto:info@grafine.com)

## **ITEM 18 – FINANCIAL INFORMATION**

Grafine and its affiliates do not require or solicit prepayment of fees longer than six months in advance. Grafine is not currently aware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to the Advisory Clients or Fund investors.