

Sallyport Partners Investment Manager, LLC

Form ADV Part 2A: Firm Brochure

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This brochure provides information about the qualifications and business practices of Sallyport Partners Investment Manager, LLC (collectively with our affiliates, “we,” “our,” “Sallyport” or the “Adviser”). Registration with the SEC does not imply a certain level of skill or training. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority. If you have any questions about the contents of this brochure, please contact us at (281) 423-0260.

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

Any reference to Sallyport as a “registered investment adviser” or being “registered” does not imply a certain level of skill or training.

Item 2 Material Changes

This document is the initial Form ADV Part 2A, also referred to as the Firm Brochure (the “Brochure”) for Sallyport Partners Investment Manager, LLC. Sallyport filed its initial application to register as an investment adviser with the SEC on August 18th, 2023. Pursuant to SEC requirements and rules, you will receive a summary of any material changes to this Brochure within one hundred twenty (120) days of the close of Sallyport’s fiscal year.

In this Item 2, the Adviser will periodically identify and discuss material updates to the Brochure. We are in the process of registering as an investment adviser; therefore, we have no material changes to report. This Brochure may be requested at any time, without charge, by contacting Ryan Howard, Chief Compliance Officer (“CCO”), at ryan.howard@sallyport.net.

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Item 4 Advisory Business

Sallyport Partners Investment Manager, LLC (collectively with our affiliates, “we,” “our,” “Sallyport” or the “Adviser”) is a Delaware limited partnership formed in June 2023 with its principal office in Houston, Texas. The principal owners of Sallyport are Kyle Bethancourt and Ryan Howard.

Sallyport intends to provide discretionary investment management services to Sallyport Partners Fund, LP (the “Fund” or the “Client”), a private investment fund formed by Sallyport Partners Fund GP, LP (the “General Partner”) and the Adviser. The General Partner is controlled, directly or indirectly, by Kyle Bethancourt, Doug Foshee and Ryan Howard (collectively, the “Principals”). The individuals and other persons that invest in the Fund are generally referred to herein as “Investor(s)” or “Limited Partner(s)”. The General Partner and the Investors are sometimes referred to collectively as the “Partners.”

The Fund intends to generally invest through negotiated transactions in operating companies, generally referred to herein as “portfolio companies”. Sallyport’s investment advisory services to the Fund will consist of sourcing and evaluating investment opportunities, negotiating the terms of investments, managing investments, and eventually selling such investments. Generally, Sallyport transactions will include majority control positions, leveraged buyouts, and buy-and-build strategies. The personnel of Sallyport may serve on portfolio companies’ respective boards of directors or act to influence control over management of portfolio companies held by the Fund. The Fund will target opportunities across Sallyport’s investment universe, including those that offer compelling growth as well as those that are overlooked, misunderstood, and/or countercyclical opportunities.

Sallyport’s advisory services for the Fund are detailed in the Fund’s Private Placement Memorandum (the “Memorandum”) and the Fund’s Limited Partnership Agreement (together with the Memorandum, the “Governing Documents”).

Sallyport currently has no assets under management but intends to advise assets above the asset eligibility level requirements within one hundred twenty (120) days of being approved as a registered investment adviser with the U.S. Securities and Exchange Commission (the “SEC”). In accordance with Rule 203A-2 of the Investment Advisers Act of 1940, as amended (the “Advisers Act”), Sallyport intends to update this Form ADV Part 2A (along with the Form ADV Part 1) to reflect, among other things, its regulatory assets under management within one hundred twenty (120) days of registration to indicate that it has met the asset eligibility requirements for registration.

Item 5 Fees and Compensation

The following provides a general description of the fees, compensation and expenses that the Fund will pay. The Fund's Governing Documents describe such fees, compensation and expenses in much greater detail. Investors in the Fund should refer to the Governing Documents for a more detailed description of the Fund's fees, compensation and expenses.

In consideration of Sallyport's investment advisory and other services, Sallyport intends to receive a management fee from the Fund, which will generally be equal to (i) during the investment period of the Fund, a percentage of the total committed capital to the Fund, and (ii) after the expiration of the investment period of the Fund, a percentage of the total invested capital by the Fund. The management fee percentage and/or the base upon which the management fee is calculated may vary with the size of the Fund and may also vary over the life of the Fund, as negotiated and determined at the time the Fund is established and as set forth in its Governing Documents.

In addition, the General Partner, an affiliate of the Adviser, is expected to receive certain allocations and distributions calculated and charged based on a share of capital gains on or capital appreciation of the assets of the Fund, as negotiated and determined at the time the Fund is established and as set forth in its Governing Documents. These allocations and distributions are commonly known as "carried interest". The General Partner generally will not receive carried interest until all Investors have received aggregate distributions equal to the sum of their capital contributions to the Fund and a preferred return on such capital contributions.

Management Fees

Sallyport intends to receive a management fee based on the aggregate Investor capital commitments. From the initial closing date to the expiration of the investment period, the Management Fee will be two percent (2%) per annum of the aggregate Investor capital commitments. After the investment period, the Management Fee will be two percent (2%) per annum of the capital invested in portfolio investments then held directly or indirectly by the Fund; provided that the Adviser will provide a credit with respect to any portfolio investments that have been written down or written off.

The Management Fee will be payable quarterly in advance and will be prorated on the basis of the number of days elapsed for any partial periods; provided that for each Investor's initial capital call, the Fund may draw down up to twelve (12) months of Management Fees with respect to such Investor.

The Governing Documents set forth the full list of terms under which management fees will be reduced, offset or otherwise be limited, and consequently Investors should expect to bear the full specified Management Fee rate in the Governing Documents until they are reduced in the circumstances and on the date(s) specified therein.

Carried Interest

The General Partner generally is entitled to receive carried interest with respect to the Fund as fully described in the Governing Documents. The carried interest distributed to the General Partner is subject to a potential clawback at the end of the life of the Fund if the General Partner has

received excess cumulative distributions. The General Partner intends to receive twenty percent (20%) of distributions from investments (the “carried interest”) after one hundred percent (100%) of capital contributions for investments and management fees are returned to Investors of the Fund and Investors receive an 8% preferred return on such capital contributions.

Other Expenses

In connection with our advisory services, the Fund will bear all of its own expenses (ordinary and extraordinary). The enumerated lists below are detailed but do not include every possible expense the Client may incur. The expense arrangements summarized below are set out in the Governing Documents for the Fund.

We may offset some of the investment–related expenses listed below against the management fees.

Offering and Organizational Expenses

The Fund will be responsible for all amounts of out-of-pocket expenses incurred by or on behalf of the Fund, the General Partner or any affiliate(s) thereof in connection with the organization of the Fund and related vehicles (including the General Partner and its affiliates) and the marketing and initial offering of interests in the Fund and related vehicles (including fees and disbursements of attorneys, accountants and other professionals, expenses relating to conferences, fundraising events and other related marketing opportunities, travel, meals and entertainment, printing costs, regulatory and compliance costs, and other fees and expenses). The General Partner may allocate organizational expenses among the Fund and related vehicles in an equitable manner as determined in good faith by the General Partner.

Fund Expenses

The Fund will pay all fees, costs, expenses, liabilities and obligations relating to the Fund and/or its activities, business, portfolio companies or actual or potential investments including, without limitation;

- the organizational expenses of the Fund and related vehicles;
- the costs and expenses incurred in connection with maintaining the organizational existence of the Fund;
- the costs and expenses incurred relating to sourcing, investigating, identifying, analyzing, pursuing, negotiating, consummating, organizing, acquiring, holding, financing, refinancing, structuring, restructuring, monitoring, managing, valuing, seeking sale and other disposition opportunities and selling or otherwise disposing of or winding up any actual or potential portfolio investments for the Fund (regardless of whether such transactions are actually consummated or such activities are successful, and including any breakup, reverse breakup and termination fees);
- costs, expenses and liabilities in connection with indebtedness, borrowings, guarantees and similar arrangements entered into directly or indirectly by or on behalf of the Fund, including interest and other fees and expenses incurred in connection therewith;

- the fees and expenses of the Fund's brokers, administrators, custodians, depositaries, legal counsel, consultants, investment bankers, appraisers, valuation advisors and consultants, accountants (including audit and certification fees) and other outside advisors;
- the costs and expenses of reporting to the Investors and the limited partner advisory committee, of any meetings of or with any of the foregoing, and of any expense reimbursements of or relating to any of the foregoing;
- any taxes, fees or other governmental charges levied against the Fund or on its income or assets or in connection with its business or operations (except as otherwise provided in the Governing Documents), and all expenses incurred in connection with any tax audit, investigation or review of the Fund;
- management fees;
- placement fees (provided that to the extent the Fund incurs placement fees, the Fund will receive a credit therefor (by way of a reduction) against future management fee payments otherwise required to be made by the Fund);
- the costs and expenses of any Fund-related tax, administrative, compliance, regulatory or other similar matters, including the cost of any related reporting or filing obligations, any investigations, examinations and governmental inquiries or proceedings (including any fines, penalties, judgments and settlements in connection therewith), and the fees, costs and expenses associated with preparing and distributing financial statements, tax returns, tax estimates, Schedule K-1s and any other tax, administrative, compliance, regulatory or other Fund-related reporting or filing (including Form PF, if applicable);
- all other direct and indirect costs and expenses of the Fund, any parallel fund or the General Partner in connection with this Agreement and/or the parallel fund agreement(s), such as expenses relating to travel, meals and entertainment, costs of insurance (including directors and officers insurance, errors and omissions insurance, general partner liability insurance and representation and warranty liability insurance, and all premiums and charges in connection therewith), costs of litigation, mediation and arbitration (including judgments, awards and settlement costs), liabilities, indemnification and reimbursement costs, and costs of winding-up and liquidating the Fund and/or any other Fund vehicle(s);
- any costs (including legal fees) of amending the Governing Documents and/or any governing documents of other Fund vehicles, including negotiating any side letters with Investors;
- any costs (including legal fees) of amending the organizational or governing documents of the General Partner, the Adviser or any of their respective affiliates in connection with the formation of or other matters relating to the Fund and/or the related vehicles; and
- to the extent determined to be equitable by the General Partner, the costs and expenses incurred in connection with the organization, management, operation, dissolution,

liquidation and final winding up of any other Fund vehicles and any other costs and expenses jointly incurred by or on behalf of the Fund and/or any other Fund vehicle.

Except as expressly provided above, the General Partner, the Adviser and their affiliates will be responsible for their respective overhead expenses, facilities expenses and compensation of their employees and such expenses will be excluded from the Fund expenses listed above.

The Fund may make capital calls to fund any Fund expenses, or such amounts may be funded out of investment proceeds, as determined by the General Partner. Any contributions made by a Partner in respect of Fund expenses will reduce such Partner's unfunded capital commitment. The General Partner may allocate Fund expenses among the various Fund vehicles (including any alternative investment vehicles) in an equitable manner as determined in good faith by the General Partner.

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

As described under “Item 5: Fees and Compensation,” the General Partner will generally be entitled to receive a carried interest allocation on certain realized profits of the Fund. A carried interest allocation represents the General Partner’s compensation based on a percentage of net profits of the Fund. The existence of performance-based compensation has the potential to create an incentive for the General Partner to make more speculative investments on behalf of the Fund than it would otherwise make in the absence of such arrangement, although Sallyport generally considers performance-based compensation to better align its interests with those of its Investors, particularly in instances where the Governing Documents include terms requiring giveback of performance-based compensation amounts at the end of the Fund’s life or at certain interim intervals. See “Item 8: Methods of Analysis, Investment Strategies and Risk of Loss” for further discussion of conflicts of interest potentially applicable to Sallyport and how Sallyport resolves such conflicts.

Item 7 Types of Clients

The Adviser intends to provide investment advisory services to a single affiliated private pooled investment vehicle, the Fund. The Fund relies on an exemption from the definition of “investment company” in the Investment Company Act of 1940, as amended (the “1940 Act”); accordingly, the Fund is not registered as an investment company under the 1940 Act. Investors participating in the Fund may include individuals, certain banks or thrifts institutions, sovereign wealth funds, pension and profit-sharing plans, trusts, estates, endowments, charitable organizations or other corporate or business entities (which may include entities that are owned, directly or indirectly, by principals or other employees of Sallyport or its affiliates). In some cases, private equity professionals from other firms or other services professionals may also be investors in the Fund.

In the future, the Adviser may sponsor additional pooled investment and co-investment vehicles.

The minimum initial capital commitment generally required for an Investor in the Fund is \$1,000,000 (subject to the Adviser’s discretion to accept a lesser amount).

Fund interests will be offered and sold generally to a limited number of persons that are (i) “accredited investors” as defined under Regulation D of the Securities Act of 1933, as amended, (ii) “qualified clients” as defined under the Advisers Act and (iii) “qualified purchasers” as defined under the Investment Company Act of 1940, as amended, or other “knowledgeable employees” of Sallyport.

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

In managing the Fund, we intend to employ methods of analysis and investment strategies suitable for the Fund's investment objective as summarized below. More detailed descriptions of the Fund's investment methods of analysis and investment strategies are included in the Fund's Governing Documents. There can be no assurance that the Adviser will achieve the investment objectives of the Fund and the loss of investment capital is possible.

Investment Strategy

The Fund expects to continue and build on the investment strategy previously employed at Sallyport Investments, LLC ("Sallyport Investments" or the "Family Office"). Refer to Item 10 for further information regarding the Family Office.

Utilizing Sallyport's collective relationships, investment expertise, and refined execution strategy, the Fund's investment team will target deals that present substantial value creation potential and profitable growth opportunities. The Fund's investment team and Principals will focus on relationship-based deal flow to uncover investments with significant upside potential and structured downside protection.

The Fund will target opportunities across Sallyport's investment universe, including those that offer compelling growth as well as those that are overlooked, misunderstood, and/or countercyclical opportunities. Using a hands-on approach, the Fund's investment team and the Principals will work closely with portfolio company management to enhance cash flows and maximize the total enterprise valuation for the Fund's portfolio companies. Sallyport believes its repeatable approach allows it to achieve desirable outcomes from a portfolio that is constructed to provide attractive base returns, steady cash flows, and downside protection.

Sallyport expects to build a diversified portfolio of 10-15 investments in the Fund by targeting opportunities where the Fund can invest between \$7.5-\$20 million per deal. While it is not possible to predict the ultimate portfolio construction of the Fund, in order to provide flexibility, Sallyport does not adhere to pre-determined concentration limits but will be thoughtful with the manner it deploys capital. Traditional private equity transactions include majority control positions, leveraged buyouts, and buy-and-build strategies. These strategies are core to the way Sallyport operates, however, over the last decade, Sallyport's Principals developed additional expertise in: Studio, Themed, and Opportunistic investments.

Studio Model

From time to time, Sallyport may recognize or be presented with an appealing market opportunity that it is unable to acquire its way into. The studio model investments generally only occur in industries where Sallyport strongly believes it can recruit, drive revenue growth, and develop partnerships to advance the company.

Themed Investments

Through its trusted relationships, prolific deal flow, and extensive research, Sallyport will seek to identify themes and regulatory trends before they become pronounced in the marketplace.

Examples of this include the push for renewable fuels, increasing workforce safety, and measuring business accountability.

Sallyport's themed investments may include investments in established businesses or early-stage companies that complement an identified trend; typically through a minority ownership position. Sallyport anticipates contributing operational expertise, providing strategic guidance, and ultimately assisting in selling the portfolio company to a strategic or financial buyer (with a lower cost of capital) who has decided that it is important for them to take a position in this space.

Opportunistic Investments

Markets continually change and volatility is increasingly present. Sallyport's opportunistic strategy aims to solve near-term capital considerations for investors and entrepreneurs whose risk exposure has become unbalanced with their appetite. In these cases, Sallyport will structure, lead, and execute a mutually beneficial capital solution on an accelerated timeline.

In times of distress, Sallyport may come across interesting deals because people want to transact with those they trust, offer certainty of execution, and will be discrete after the fact. Sallyport's intimate knowledge of the capital structure helps create investment solutions that meet the needs of all parties.

Insight and Network Driven Investment Sourcing

Sallyport believes high quality deal flow and market insights are the critical first ingredients to success. As such, deal sourcing is a firm-wide priority, with new opportunities typically identified through forming investment theses based on internal expertise. Sallyport then uses industry networks and strategic relationships to find the most compelling opportunities and management teams that fit these themes versus relying on investment banker led auctions. Sallyport puts a premium on developing creative, contrarian, or uncommon investment themes and then seeks to implement them through proprietary and relationship-based transactions. These activities often lead to opportunities with more compelling value creation possibilities, lower risk profiles, and reasonable entry valuations.

Initial Investment Screening

Once a new investment opportunity has been identified, the deal team presents it to Sallyport's investment committee to determine if it meets Sallyport's rigorous investment standards.

Due Diligence

If the investment committee decides to move forward, Sallyport conducts comprehensive due diligence, including background checks, financial, legal, operational, commercial, market, technical, environmental, regulatory, and tax analysis. A transaction's downside risks and upside potential are primary considerations, with a focus on free cash flow levers and specific value creation initiatives. Investment opportunities that Sallyport deems promising receive heightened scrutiny; unsuitable transactions are rejected.

Investment Approval

The investment committee reviews due diligence results on an ongoing basis, with additional questions addressed as needed. Once due diligence is nearing completion, the deal team prepares a final memorandum that the committee uses to reach its ultimate decision.

Post-Investment Management and Value Creation

Sallyport takes an intensive, hands-on approach to managing its investments to create substantial value through active asset and risk management. Individual deal teams, working closely with portfolio company management, orchestrate these efforts on a daily basis. Sallyport's portfolio management team oversees the entire portfolio, including holding quarterly firm-wide portfolio meetings where it assesses the status of its value creation initiatives, key value drivers, and risks at the investment and portfolio level. Due to the interrelated nature of strategy and management, insights and themes emerging at a single investment often have potential implications across the portfolio, allowing Sallyport to take early and constructive actions in a constantly changing marketplace.

Exit

Sallyport is focused on exits to return capital to its Investors. The investment committee will oversee all exit decisions, weighing a number of factors including the quality of the exit opportunity, the investment's future return potential, emerging trends, market conditions, and portfolio considerations.

THE INFORMATION INCLUDED IN THIS BROCHURE DOES NOT INCLUDE EVERY POTENTIAL RISK ASSOCIATED WITH EACH INVESTMENT STRATEGY OR SECURITY. INVESTORS AND PROSPECTIVE INVESTORS IN THE FUND ARE URGED TO ASK QUESTIONS REGARDING RISK FACTORS APPLICABLE TO A PARTICULAR INVESTMENT STRATEGY OR SECURITY, READ ALL PRODUCT-SPECIFIC RISK DISCLOSURES (FOR EXAMPLE, THE FUND'S GOVERNING DOCUMENTS) AND DETERMINE WHETHER A PARTICULAR STRATEGY OR TYPE OF SECURITY IS SUITABLE FOR HIS/HER/ITS OWN ACCOUNT IN LIGHT OF HIS/HER/ITS CIRCUMSTANCES, INVESTMENT OBJECTIVES AND FINANCIAL SITUATION. INVESTING IN SECURITIES INVOLVES THE RISK OF LOSS THAT INVESTORS SHOULD BE PREPARED TO BEAR.

Risk Factors

Business Risks. Due to the nature of the Fund's investment portfolio, operating results in a specified period will be difficult to predict. Generally, there will be no readily available market for a substantial number of the Fund's investments, and hence, most of the Fund's investments will be difficult to value. The Fund's investments involve a high degree of business and financial risk, which can result in substantial losses. While the General Partner intends for the Fund to make investments that have estimated returns commensurate with the risks undertaken, there can be no assurance that any targeted return will be achieved. On any given investment, loss of principal is possible.

Future and Past Performance. The performance of the Principals' prior investments is not indicative of the Fund's future results. There can be no assurance that the Fund's investments will perform as well as the past investments of any person described herein or that the Fund will be able to avoid losses.

Concentration of Investments. The Fund will participate in a limited number of investments. As a result, the Fund's investment portfolio could become highly concentrated, and the performance of a few holdings or of a particular industry or industry segment may substantially affect its aggregate return. Furthermore, to the extent that the capital raised is less than the targeted amount, the Fund may make fewer portfolio investments and thus be less diversified.

Specific Investment Opportunities Not Identified. The Fund has not identified specific investment opportunities and Investors in the Fund will not have an opportunity to review the Fund's proposed investments before deciding whether to invest in the Fund. No assurance can be given that the Fund will be successful in identifying or consummating economically attractive investments. In addition, it may take considerable time for the Fund to find and consummate appropriate investment opportunities.

Lack of Sufficient Investment Opportunities. The business of identifying and structuring private equity transactions is highly competitive and involves a high degree of uncertainty. It is possible that the Fund will never be fully invested if not enough sufficiently attractive investments are identified.

Illiquidity; Lack of Current Distributions. An investment in the Fund should be viewed as illiquid. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. The return of capital and the realization of gains, if any, may occur only upon the partial or complete disposition of an investment. While an investment may be sold at any time, it is generally expected that this will not occur for a number of years after the initial investment. Before such time, there may be no current return on the investment. Furthermore, the expenses of operating the Fund (including the management fees) may exceed its income, thereby requiring that the difference be paid from the Fund's capital, including, without limitation, unfunded capital commitments.

Leveraged Investments. The Fund may make use of leverage as provided in the Governing Documents. Leverage generally magnifies both the Fund's opportunities for gain and its risk of loss from a particular investment. The cost and availability of leverage is highly dependent on the state of the broader credit markets, which state is difficult to accurately forecast, and at times it may be difficult to obtain or maintain the desired degree of leverage. The use of leverage will also result in interest expense and other costs that may not be covered by the Fund's income or appreciation of its investments. Leverage at the investment level often imposes restrictive financial and operating covenants, in addition to the burden of debt service, and may impair the ability to finance future operations and capital needs. A leveraged capital structure will increase the exposure of the Fund's investments to any deterioration in an investment's condition, competitive pressures, an adverse economic environment or rising interest rates, and could accelerate and magnify declines in the value of the Fund's investments in a down market. In the event any investment cannot generate adequate cash flow to meet debt service, the Fund may suffer a partial or total loss of capital invested in that investment, which could adversely affect the returns of the Fund.

Furthermore, should the credit markets be tight at the time the Fund determines that it is desirable to sell all or a part of an investment, the Fund may not achieve an exit multiple or enterprise valuation consistent with its forecasts.

The Fund may make contingent funding commitments to its portfolio companies and provide credit support for such obligations. Such credit support may take the form of a guarantee, a letter of credit or a pledge of a portion of the Fund's capital commitments to a lender. Such funding commitments may be secured by an assignment of the General Partner's rights to draw down capital from the Investors. It is possible that the Investors will be required to acknowledge and consent to any such pledge and provide certain information and/or legal opinions as required by the lender. The General Partner may be required to segregate unfunded capital commitments sufficient to satisfy the Fund's obligations with respect to any such credit support. Utilization of the credit support will result in fees, expenses and interest costs to the Fund, and may result in an under-utilization of the Fund's capital. In the event that one or more Investors fail to satisfy a drawdown or otherwise default on their contribution obligations pursuant to any such credit support, such amount would be drawn from non-defaulting Investors.

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

Reliance on Management. Control over the operation of the Fund will be vested with the General Partner, and the Fund's future profitability will depend largely upon the business and investment acumen of the Principals. Investors generally have no right or power to take part in the management of the Fund. The loss or reduction of service of one or more of the Principals could have an adverse effect on the Fund's ability to realize its investment objectives. In addition, certain changes in the General Partner or circumstances relating to the General Partner may have an adverse effect on the Fund or one or more of its investments, including, without limitation, potential acceleration of indebtedness.

Although the General Partner will monitor the performance of each Fund investment, it will primarily be the responsibility of each portfolio company's management team to operate such portfolio company on a day-to-day basis. Although the Fund generally intends to invest in companies with strong management or recruit strong management to such companies, there can be no assurance that the management of such companies will be able or willing to successfully operate a company in accordance with the Fund's objectives.

Potential Misconduct. There can be no assurance that the General Partner, the Adviser or the Fund will be able to detect or prevent gross negligence, bad faith, willful misconduct or fraud by its principals, employees, advisors or service providers, or principals, employees, advisors or service providers of any portfolio company. Any misconduct by such individuals could materially adversely affect the returns of the Fund.

Absence of Operating History. The Fund has no operating history and will be entirely dependent on the General Partner, the Adviser and the Principals. While the Principals have previous experience making and managing investments similar to those contemplated by the Fund, there

can be no assurance that the Fund's investments will achieve results similar to those attained by such previous investments. In addition, the Fund's investments may differ from previous investments made by the Principals in a number of respects.

Projections. Any financial projections provided by or to the Fund or the General Partner are only estimates of future results that are based upon information and assumptions made at the time the projections are developed. There can be no assurance that the results contemplated by any such projections will be attained, and actual results may be significantly different from such projections. Also, general economic factors, which are not predictable, can have a material effect on the reliability of projections.

Need for Follow-On Investments. Following its initial investment in a given portfolio company, the Fund may decide to invest additional funds in such portfolio company. There is no assurance that the Fund will make follow-on investments or that the Fund will have sufficient funds to make all or any of such investments. Any decision by the Fund not to make follow-on investments or its inability to make such investments may have a substantial negative effect on a portfolio company in need of such an investment. Additionally, any failure to make such investments may result in a lost opportunity for the Fund to increase its participation in a successful portfolio company or the dilution of the Fund's ownership in a portfolio company.

Bridge Financings. From time to time, the Fund may lend to portfolio companies on a short-term, secured or unsecured basis in anticipation of a future issuance of equity or long-term debt securities or other refinancing. Such bridge loans would typically be convertible into a more permanent, long-term security. However, for reasons not always in the Fund's control, such issuance of long-term securities or other refinancing may not occur 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 position taken by the Fund.

Co-Investment Opportunities. The Fund may co-invest with certain Investors and/or other third parties through joint ventures or other entities. Such investments may involve risks in connection with such third-party involvement. For example, a third-party co-venturer may experience financial difficulties resulting in a negative impact on such investment or may have economic or business interests or goals that are inconsistent with those of the Fund. In addition, a third-party co-venturer may be in a position to take (or block) action in a manner contrary to the Fund's investment objectives.

Over-Commitment. In order to facilitate the acquisition of a portfolio company, the Fund may make (or commit to make) an investment in such company with a view to selling a portion of such investment to co-investors or other persons prior to or within a brief period after the closing of the acquisition. In such event, the Fund will bear the risk that any or all of the excess portion of such investment may not be sold or may only be sold on unattractive terms and that, as a consequence, the Fund may bear the entire portion of any breakup fee or other fees, costs and expenses related to such investment, hold a larger than expected investment in such portfolio company or may realize lower than expected returns from such investment.

Failure to Make Capital Contributions. If an Investor defaults on its obligations to contribute capital to the Fund when due, and the contributions made by non-defaulting Investors and

borrowings by the Fund, if any, are inadequate to cover such defaulted capital contribution, the Fund may be unable to consummate an investment on a timely basis (if at all) or pay its obligations when due, and its ability to execute on its investment strategy or to otherwise continue operations may be impaired. As a result, the Fund may be subjected to significant penalties (or other adverse consequences) that could affect the returns to the Investors (including, without limitation, non-defaulting Investors) in a materially adverse manner. A default by a substantial number of Investors would limit opportunities for investment diversification and would likely negatively affect the Fund's economic results.

Significant Adverse Consequences for Defaulting. If an Investor defaults on its obligations to contribute capital to the Fund when due, it may be subject to various remedies as provided in the Governing Documents, including, without limitation, reductions in its capital account balance, expulsion from the Fund, forfeiture of future profits or other portions of its interest and preclusion from further investment in the Fund. The General Partner may require that the remainder of the defaulting Investor's capital commitment be cancelled, and may designate a person or entity to assume the entire unpaid balance of the defaulting Investor's capital commitment (or any portion thereof) and succeed to all (or such portion) of the rights of the defaulting Investor's interest. In addition, the General Partner may pursue any available legal or equitable remedies, with the expenses of collection of the unpaid amount (including, without limitation, attorneys' fees) to be paid by the defaulting Investor.

Dilution. Investors admitted to the Fund at subsequent closings generally will participate in then-existing investments of the Fund, thereby diluting the interest of existing Investors in such investments. Although any such new Investor will be required to contribute its pro rata share of previously made capital contributions, there can be no assurance that this contribution will reflect the fair value of the Fund's existing investments at the time of such contributions.

Control Person Liability. The Fund is expected to have controlling interests in a number of its 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. In particular, if determined to be a direct owner or operator of any of the portfolio company's facilities or operations, the Fund could face strict, joint and several liability under environmental laws for hazardous substance or contamination-related liabilities. If any such liabilities were to arise, the Fund might suffer significant losses. While the General Partner intends to manage the Fund in a manner that will minimize the exposure of these risks, the possibility of successful claims against the Fund and/or its affiliates cannot be precluded.

Director Liability. The Fund will often seek to obtain the right to appoint one or more representatives to the board of directors (or similar governing body) of the companies in which it invests. Serving on a board of directors (or similar governing body) of a portfolio company exposes the Fund's representatives, and ultimately the Fund, to potential liability. Not all portfolio companies may obtain insurance with respect to such liability, and the insurance that portfolio companies do obtain may be insufficient to adequately protect officers and directors from such liability.

Litigation. The transactional nature of the business of the Fund exposes the Fund, the General Partner and their respective affiliates generally to this risk of third-party litigation. In the ordinary course of its business, the Fund may be subject to litigation from time to time. Under the Governing Documents, the Fund will generally be responsible for indemnifying the General Partner and certain of its affiliates for costs they may incur with respect to such litigation not covered by insurance. The outcome of litigation proceedings may materially adversely affect the value of the Fund and may continue without resolution for long periods of time. Additional regulation could also increase the risks of third-party litigation. Any litigation may consume substantial amounts of the General Partner's and the Principals' time and attention, and that time and the devotion of these resources to litigation may, at times, be disproportionate to the amounts at stake in the litigation.

Indemnification. The Fund will be required to indemnify the General Partner, the Adviser, the Principals, their affiliates and certain other persons pursuant to the Governing Documents. The indemnification obligations of the Fund would be payable from the assets of the Fund, including, without limitation, the unfunded capital commitments of the Partners, and such liabilities may be material. In addition, if the assets of the Fund are insufficient, the General Partner may recall distributions previously made to the Partners, subject to certain limitations set forth in the Governing Documents.

Standard of Care; Indemnification. The Governing Documents contain provisions that, subject to applicable law, reduce, modify or eliminate certain duties that the General Partner would otherwise owe to the Fund and the Investors. This may result in Investors having a more limited right of action in certain cases than they would in the absence of such provisions.

Limited Partner Advisory Committee. The General Partner shall establish the limited partner advisory committee (the "LPAC") and appoint not less than three (3) Limited Partner representatives to the LPAC. The Governing Documents are expected to provide that to the fullest extent permitted by applicable law, none of the LPAC members shall owe any fiduciary or other duties to the Fund or any other Partner, other than to act in good faith. In addition, representatives of the LPAC may have various business and other relationships with the Adviser and its members, employees and affiliates. These relationships may influence their decisions as members of the LPAC.

Risks Relating to Due Diligence of Portfolio Companies; Expedited Transactions. Before making investments, the General Partner will typically conduct such due diligence as it deems reasonable and appropriate based on the facts and circumstances applicable to each investment. Due diligence may entail evaluation of important and complex business, financial, tax, accounting, technical, environmental and legal issues. Outside consultants, legal advisors, accountants, investment banks and other third parties may be involved in the due diligence process to varying degrees depending on the type of investment and the facts and circumstances related thereto, and the General Partner may rely on the advice received from such third parties. Investment analyses and decisions by the General Partner will often be undertaken on an expedited basis in order for the Fund to take advantage of investment opportunities. In such cases, the information available to the General Partner at the time of an investment decision may be limited, and the General Partner may not have access to the detailed information necessary for a full evaluation of the investment opportunity. The due diligence investigation carried out with respect to any investment opportunity

will not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Moreover, such an investigation will not necessarily result in an investment being successful or even ensure a return on invested capital.

Contingent Liabilities on Disposition of Investments. In connection with the disposition of an investment, the Fund may be required to make representations and warranties about such investment and/or its underlying business or assets. The Fund also may be required to indemnify the purchasers of such investment to the extent that any such representations and warranties are inaccurate. These arrangements may result in contingent liabilities for which the General Partner may need to establish reserves or escrows. Investors may be required to return amounts distributed to them to fund such obligations of the Fund, subject to certain limitations set forth in the Governing Documents. Furthermore, under the Delaware Revised Uniform Limited Partnership Act, each Investor that receives a distribution in violation of such Act will, under certain circumstances, be obligated to recontribute such distribution to the Fund.

Unfunded Pension Liabilities of Portfolio Companies. Recent court decisions have found that, where an investment fund owns 80% or more (or under certain circumstances less than 80%) of a company, such fund (and any other 80%-owned companies of such fund) might be found liable for certain pension liabilities of such a company to the extent the company is unable to satisfy such liabilities. The Fund may, from time to time, invest in a company that has unfunded pension fund liabilities. If the Fund (or other 80%-owned portfolio companies of the Fund) were deemed to be liable for such pension liabilities, this could have a material adverse effect on the operations of the Fund and the companies in which the Fund invests. This discussion is based on current court decisions, statute and regulations regarding ERISA control group liability as in effect as of the date of this Memorandum, which may change in the future as the case law and guidance develops.

Distressed Investments. The Fund may invest in the securities and obligations, including debt obligations that are in covenant or payment default, of companies experiencing significant financial difficulties and material operating issues that may never be overcome, including companies that may have been, are or will become involved in bankruptcy proceedings or other restructuring, recapitalization or liquidation processes. Investments in such companies involve a substantial degree of risk (including the risk of total loss) that is generally higher than the risk involved in investing in companies that are not in financial or operational distress. The market for distressed securities is expected to be less liquid than the market for securities of companies that are not distressed. The market prices of such securities are also subject to abrupt and erratic market movements and above-average price volatility. It may take a number of years for the market price of such securities to reflect their intrinsic value or for the Fund to liquidate its investment. Under adverse market or economic conditions or in the event of adverse changes in the financial condition of a portfolio company, the Fund may find it more difficult to sell such securities when the General Partner believes it advisable to do so or may only be able to sell such securities at a loss. In some cases, the Fund may be prohibited by contract from selling its investments for a period of time. Such investments also may be adversely affected by United States state and federal laws relating to, among other things, fraudulent transfers and other voidable transfers or payments, lender liability and the United States bankruptcy court's power to disallow, reduce, subordinate or disenfranchise particular claims. Also among the risks inherent in investments in troubled entities is the fact that it frequently may be difficult to obtain information as to the true condition of such

companies. Given the heightened difficulty of the financial analysis required to evaluate distressed companies and projects, there can be no assurance that the General Partner will correctly evaluate the value of the assets of a distressed company securing its debt and other obligations or correctly assess the prospects for the successful restructuring, recapitalization or liquidation of such company. Therefore, in the event that a company does become involved in bankruptcy proceedings or a restructuring, recapitalization or liquidation is required, the Fund may lose some or all of its investment or may be required to accept illiquid securities with rights that are materially different than the original securities in which the Fund invested, or securities or cash with a value that is less than the purchase price to the Fund of the security in respect to which such distribution was made.

Adequacy and Availability of Insurance. When applicable, the Fund intends to use insurance and other risk management products (to the extent available on commercially reasonable terms) when making investments in order to mitigate the potential loss resulting from risks customarily covered by insurance. When making a non-controlling investment, the Fund anticipates requesting that portfolio companies use prudent insurance and other risk management products. However, this may not always be practicable or feasible. Moreover, it will not be possible to insure against all such risks, and such insurance proceeds as may be derived may be inadequate to completely or even partially cover a loss of revenues, an increase in operating and maintenance expenses and/or a replacement or rehabilitation of assets. In addition, certain losses of a catastrophic nature, such as those caused by wars, earthquakes, hurricanes, tornados, floods, terrorist attacks or other similar events, may be either uninsurable or insurable at such high rates as to adversely impact the Fund's profitability. If a major uninsured loss were to occur with respect to an investment, the Fund could lose both its capital invested in and anticipated profits related to such investment.

Risks in Effecting Operational Improvements. In some cases, the success of the Fund's investment strategy will depend, in part, on the ability of the Fund to effect improvements in the operations of a portfolio company. The activity of identifying and implementing operating improvements at portfolio companies entails a high degree of uncertainty. In addition, executing operational improvements may divert the attention of key personnel and disrupt normal business. There can be no assurance that the Fund will be able to successfully identify and implement such improvements.

Investments Longer than Term. The Fund may make investments that may not be advantageously disposed of prior to the date the Fund is dissolved, either by expiration of the Fund's term or otherwise, or the Fund's term may be extended to facilitate the wind-down of the Fund. Although the General Partner expects that investments will be disposed of prior to dissolution or be suitable for in-kind distribution at dissolution, the General Partner has a limited ability to extend the term of the Fund, and the Fund may have to sell, distribute or otherwise dispose of investments at a disadvantageous time as a result of dissolution. To the extent that such investments are held in trust, the trust may incur operating and formation expenses. In addition, there can be no assurances with respect to the timeframe in which the winding-up and the final distribution of proceeds to the Investors will occur.

Distributions in Kind. Although, under normal circumstances, prior to the termination of the Fund, the Fund intends to make distributions in cash or marketable securities, it is possible that under

certain circumstances (including the winding-up of the Fund), distributions of investments for which there is no readily available public market and/or which may be subject to substantial restrictions on sale or transfer may be made in kind. It may be difficult for Investors to liquidate the investments received at a price or within a time period that is determined to be ideal, and significant administrative burden may be involved. After a distribution of investments is made, the recipients may decide to liquidate such investments within a short period of time, which could have an adverse impact on the price of such investments. Investors in receipt of a distributed investment will have no guidance from the Fund or the General Partner with respect to disposition of such investment (including timing of such disposition). The price at which such investments may be sold by such Investors may be lower than the value of such investments determined pursuant to the Governing Documents, including the value used to determine the amount of carried interest accruing to the General Partner with respect to such investment. In addition, the direct holding of certain investments may subject the holder to suit or taxes in jurisdictions in which such investments are located.

Contributions in Kind. To the extent the General Partner, the Principals and/or their respective affiliates elect to satisfy their capital commitments in part through in-kind contributions, such transactions will necessarily involve potential conflicts of interest, including conflicts of interest associated with the valuation of such assets.

Inside Information. From time to time the General Partner or its affiliates may be in possession of material, non-public information concerning an issuer of securities in which the Fund has invested, or in which it intends to invest. The possession of such information may limit the ability of the Fund to buy or sell such securities even if such information was obtained in the context of the investment activities of other private investment funds managed by the Adviser or its affiliates. Accordingly, the Fund may be required to refrain from buying or selling such securities or other instruments at times when the General Partner might otherwise elect to cause the Fund to buy or sell such securities or other instruments.

Cyber Security Breaches and Identity Theft. The General Partner, the Fund and the Fund's investments generally rely on information technology systems for current and planned operations. Information technology systems of the General Partner the Fund's portfolio companies may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. If any systems designed to manage such risks are compromised, become inoperable for extended periods of time or cease to function properly, the General Partner, the Fund or a portfolio company may have to make a significant investment to fix or replace them. Any disruption in any of these systems or the failure of any of these systems to operate as expected could, depending on the magnitude of the problem, adversely affect the Fund's investment results and its ability to make distributions to its Partners. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the General Partner's, the Fund's or a portfolio company's operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to Investors and the beneficial owners of Investors. Such a failure could harm the General

Partner's, the Fund's or a portfolio company's reputation, subject them and their respective affiliates to legal claims and otherwise affect their business and financial performance.

Uncertain Economic, Social and Political Environment. Consumer, corporate and financial confidence may be adversely affected by current or future tensions around the world, fear of terrorist activity and/or military conflicts, localized or global financial crises or other sources of political, social or economic unrest. Such erosion of confidence may lead to or extend a localized or global economic downturn. A climate of uncertainty may reduce the availability of potential investment opportunities, and increases the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. In addition, limited availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses, in an uncertain environment or economic downturn may have an adverse effect on the economy generally and on the ability of the Fund and its portfolio companies to execute their respective strategies and to receive an attractive multiple of earnings on the disposition of portfolio companies. This may slow the rate of future investments by the Fund and result in longer holding periods for investments. Furthermore, such uncertainty or general economic downturn may have an adverse effect upon the Fund's portfolio companies.

General Economic and Market Conditions. The private equity industry generally and the success of the Fund's investment activities specifically will be affected by general economic and market conditions, as well as by changes in laws, currency exchange controls, and national and international political and socioeconomic circumstances. Such factors are unpredictable and cannot be controlled by the General Partner. General fluctuations in the market prices of securities and economic conditions generally may reduce the availability of attractive investment opportunities for the Fund and may affect the Fund's ability to make investments. Instability in the securities markets and economic conditions generally (including a slow-down in economic growth and/or changes in interest rates or foreign exchange rates) may also increase the risks inherent in the Fund's investments and could have a negative impact on the performance and/or valuation of the portfolio companies. The Fund's performance can be affected by deterioration in the capital markets and by market events, which, among other things, can impact the public market comparable earnings multiples used to value privately held portfolio companies and ' risk-free rate of return. Movements in foreign exchange rates may adversely affect the value of investments in portfolio companies and the Fund's performance. Volatility and illiquidity in the financial sector may have an adverse effect on the ability of the Fund to sell and/or partially dispose of its portfolio company investments. Such adverse effects may include the requirement of the Fund to pay break-up, termination or other fees and expenses in the event the Fund is not able to close a transaction (whether due to the lenders' unwillingness to provide previously committed financing or otherwise) and/or the inability of the Fund to dispose of investments at prices that the General Partner believes reflect the fair value of such investments. The impact of market and other economic events may also affect the Fund's ability to obtain funding to support its investment objective. Any of the foregoing events could result in substantial or total losses to the Fund in respect of certain portfolio investments, which losses will likely be exacerbated by the presence of leverage in a portfolio company's capital structure and may be magnified by the expected limited diversity of the Fund's investments.

Deterioration of Credit Markets. In the event that the global credit markets deteriorate, and it becomes more difficult for investment funds such as the Fund to obtain favorable financing for investments, the Fund's ability to generate attractive investment returns may be adversely affected to the extent the Fund is unable to obtain favorable financing terms for its investments. Moreover, to the extent that such marketplace events are not temporary and continue, they may have an adverse impact on the availability of credit to businesses generally and could lead to an overall weakening of the U.S. and global economies. Such marketplace events also may restrict the ability of the Fund to realize its investments at favorable times or for favorable prices.

Side Letters. The General Partner may enter into a side letter with a particular Investor in connection with its admission to the Fund without the approval of any other Investor, which would have the effect of establishing rights under, altering or supplementing the terms of, or confirming the interpretation of an applicable Fund document (including the Governing Documents and any related subscription agreement) with respect to such Investor in a manner more favorable to such Investor than those applicable to other Investors, and such rights may be significant. Such rights or terms in any such side letter may include, without limitation, (i) excuse, exclusion or withdrawal rights applicable to particular investments or Investors (which may increase the percentage interest of other Investors in, and contribution obligations of other Investors with respect to, certain investments), (ii) reporting obligations of the General Partner, (iii) waiver of certain confidentiality obligations, (iv) consent of the General Partner to certain transfers by such Investor or (v) rights or terms necessary in light of particular legal, regulatory or public policy characteristics of such Investor. There can be no assurance that the side letter rights granted to one or more Investors will not in certain cases disadvantage other Investors.

Fund Counsel. The representation of the General Partner, the Adviser and the Fund by legal counsel is limited to the specific matters as to which it has been retained and consulted by such persons. Other matters may exist that could have a bearing on the Fund and its investments, the General Partner, the Adviser and/or their respective affiliates as to which legal counsel has been neither retained nor consulted. Legal counsel does not undertake to monitor compliance by the General Partner, the Adviser or their affiliates with the investment program and other investment guidelines and procedures set forth in the Governing Documents, nor does legal counsel monitor compliance by the Fund, the General Partner, the Adviser and/or their affiliates with applicable laws, unless in each case legal counsel has been specifically retained to do so. Legal counsel does not investigate or verify the accuracy or completeness of information set forth in this Memorandum concerning the Fund, the General Partner, the Adviser or any of their respective affiliates, personnel or investments. Furthermore, except for any opinions specifically set forth in a signed opinion letter issued by it, legal counsel is not providing any advice, opinion, representation, warranty or other assurance of any kind as to any matter to any Investor of the Fund.

Public Health Risks. Any public health emergency, including any outbreak of COVID-19, SARS, H1N1/09 flu, avian flu, other coronavirus, Ebola or other existing or new epidemic diseases, or the threat thereof, could have a significant adverse impact on the Fund and could adversely affect the Fund's ability to fulfill its investment objectives. The extent of the impact of any public health emergency on the Fund's operational and financial performance will depend on many factors, including the duration and scope of such public health emergency, the extent of any related travel advisories and restrictions implemented, the impact of such public health emergency on overall

supply and demand, goods and services, investor liquidity, consumer confidence and spending levels, and levels of economic activity and the extent of its disruption to important global, regional and local supply chains and economic markets, all of which are highly uncertain and cannot be predicted. The effects of a public health emergency may materially and adversely impact the value and performance of the portfolio investments, the Fund's ability to source, manage and divest investments and the Fund's ability to achieve its investment objectives, all of which could result in significant losses to the Fund. In addition, the operations of the Fund, its investments, and the General Partner may be significantly impacted, or even temporarily or permanently halted, as a result of government quarantine measures, voluntary and precautionary restrictions on travel or meetings and other factors related to a public health emergency, including its potential adverse impact on the health of the personnel of any such entity or the personnel of any such entity's key service providers.

Potential Conflicts of Interest

Various actual and potential conflicts may arise from the overall investment activities of the Fund, the General Partner, the Adviser and their respective affiliates. The Adviser, its personnel, and its affiliates may in the future engage in further activities that may result in additional conflicts of interest not addressed below. There can be no assurance that the Adviser will identify or resolve all conflicts of interest and, if resolved, that such conflicts will be resolved in a manner that is favorable to the Fund.

If any matter arises that the General Partner determines in its good faith judgment constitutes an actual or potential conflict of interest, the General Partner may take such actions as may be necessary or appropriate to ameliorate such conflict (and upon taking such actions, the General Partner will be relieved of any responsibility for such conflict to the fullest extent permitted by law and shall be deemed to have satisfied its fiduciary duties related thereto to the fullest extent permitted by law). These actions may include, by way of example: (i) disposing of the security giving rise to the conflict of interest; (ii) appointing an independent fiduciary to act with respect to the matter giving rise to the conflict of interest; or (iii) consulting with the LPAC regarding the conflict of interest and either obtaining a waiver from the LPAC of the conflict of interest or acting in a manner, or pursuant to standards or procedures, approved by the LPAC with respect to such conflict of interest.

In addition, the Governing Documents contain provisions that, subject to applicable law, (i) reduce, modify or eliminate certain duties, including fiduciary duties, that the General Partner would otherwise owe to the Fund and the Limited Partners; (ii) waive duties or consent to the conduct of the General Partner that might not otherwise be permitted pursuant to such duties; and (iii) limit the remedies of a Limited Partner with respect to breaches of such duties.

Additionally, the Governing Documents contain exculpation and indemnification provisions that, subject to the specific exceptions identified therein, provide that the General Partner, the Adviser, the Principals and their respective employees and affiliates will be held harmless and indemnified, respectively, for matters relating to the operation of the Fund, including matters that may involve one or more potential or actual conflicts of interest.

Conflicts of Interest Relating to Successor Funds and Other Accounts. Until such time as the General Partner is permitted to raise a successor investment fund, the General Partner, the Adviser, key principals of the General Partner and the Adviser, and their affiliates (collectively, the “Conflict Parties”) will generally pursue appropriate investment opportunities through the Fund, subject to certain important exceptions set forth in the Fund Agreement, including (i) certain exceptions from such restrictions and limitations for certain individuals and (ii) certain exceptions that permit the Conflict Parties to direct investment opportunities (including those of the type contemplated to be pursued on behalf of the Fund) to the Conflict Parties and other investment funds and accounts sponsored or managed by the Conflict Parties (“Other Accounts”). In addition, members of the General Partner’s team may spend a portion of their business time and attention other than on behalf of the Fund, including, without limitation, managing Other Accounts and pursuing and monitoring investments on behalf of Other Accounts, some of which may fall within the investment objectives of the Fund. As a result, such Other Accounts and investments may compete with the Fund or its investments. Any investment opportunity that the General Partner determines to be appropriate for the Fund and any Other Account(s) will be allocated, subject to approval by the LPAC or a majority in interest of the Limited Partners, among the Fund, on the one hand, and such Other Account(s), on the other hand, on a basis that the General Partner believes in good faith to be fair and equitable in light of facts and circumstances deemed relevant by the General Partner. In making such allocation decisions, the General Partner will take into account a number of factors including, without limitation: the investment objectives and constraints of the Fund and Other Accounts; the appropriateness of making a particular allocation to the Fund and Other Accounts in light of those investment objectives and constraints; the amount of available capital in the Fund’s and each Other Account’s portfolio that can be used for such investment; the amount of investment capacity to be allocated; the percentage of a Fund’s or Other Account’s portfolio, if any, that is currently invested in the same investment or substantially similar investments; and whether an allocation to the Fund or an Other Account will have a material or immaterial impact on its overall portfolio. Application of these considerations may result in different allocation decisions depending on the particular facts and circumstances in existence at the time the allocations are made and may or may not result in a pro rata allocation of limited investment capacity among the Fund and the Other Accounts. Accordingly, there can be no assurances that the Fund will participate in any given investment opportunity in any certain amount or proportion, or at all.

Conflicts of Interest Relating to Co-Investments. The General Partner may, in its sole discretion, provide or commit to provide co-investment opportunities to one or more Limited Partners and/or other persons, in each case on terms to be determined by the General Partner in its sole discretion. Conflicts of interest may arise in the allocation such co-investment opportunities. The allocation of co-investment opportunities, which may be made to one or more persons for any number of reasons as determined by the General Partner in its sole discretion, may not be in the best interests of the Fund or any individual Limited Partner. In exercising its discretion to allocate co-investment opportunities with respect to a particular investment to and among potential co investors and the terms thereof, the General Partner may consider some or all of a wide range of factors, which may include: the ability of a person to react promptly to co-invest opportunities; any strategic advantages that may result from a person’s participation in a co-investment opportunity; a person’s commitment to the Fund and/or one or more Other Accounts; and/or the likelihood that a person may invest in a future fund or Other Account sponsored by the General Partner or its affiliates.

The General Partner may also, in its sole discretion, charge a management fee and obtain a “carried interest” in respect of any such co investment. Since co-investments will not be made through the Fund, any compensation received in connection with a co-investment does not arise out of the investment activities of a Fund or actions taken directly or indirectly by the Adviser on behalf of the Fund and, therefore, none of such fees and other co-investor-related compensation reduces the Management Fee paid by the Fund. If a co-investment vehicle is formed, such entity will bear expenses related to its formation and operation, many of which are similar in nature to those borne by the Fund. In the event that a transaction in which a co-investment was to be sought ultimately is not consummated, all obligations, liabilities and out-of-pocket and/or break-up fees, costs and expenses relating to such unconsummated transaction will be borne by the Fund, and not by any prospective co-investors, that were to have participated in such transaction.

Conflicts of Interest Relating to the General Partner’s Carried Interest. The fact that the General Partner’s carried interest is based on a percentage of net profits may create an incentive for the General Partner to cause the Fund to make riskier or more speculative investments than otherwise would be the case.

Conflicts of Interest Relating to Certain Industry Relationships. As with other private equity fund sponsors, as part of the Adviser’s business, the Principals, the Adviser and its employees have developed many relationships with third parties which have the potential to raise conflicts of interest. Such third parties include investment bankers, lenders, consultants, professional advisors (such as attorneys and accountants), co-investors, current and former directors, officers and employees of current and former portfolio companies and former employees and members of the Adviser and its affiliates. Certain of these third parties may: (i) introduce investment opportunities to the Adviser; (ii) arrange for, or facilitate the financing of, the purchase or recapitalization of current and potential portfolio companies; (iii) introduce portfolio companies to potential acquisition or merger candidates; (iv) facilitate the disposition of portfolio companies; or (v) provide investment banking, consulting, legal or advisory services to the Adviser, the Fund, the Other Accounts and/or their respective portfolio companies. Such third parties may also provide goods or services to or have business, personal, political, financial or other relationships with the Principals. In addition, such third parties may invest in one or more of the Fund and the Other Accounts; co-invest in one or more portfolio companies; or provide other significant business or investment services to the Adviser, the Fund, the Other Accounts and/or their respective portfolio companies. These relationships may influence the Adviser and the General Partner in deciding whether to select or recommend any such third party to perform services for the Fund or a portfolio company. The cost of any services provided by such third parties, including costs in connection with unconsummated transactions, will generally be borne directly or indirectly by the Fund or its portfolio companies, as applicable.

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

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

Conflicting Investor Interests. Limited Partners may have conflicting investment, tax and other interests with respect to their investments in the Fund, including, without limitation, conflicts relating to the structuring of investment acquisitions and dispositions. Conflicts may arise in connection with decisions made by the General Partner regarding an investment that may be more beneficial to one Limited Partner than another, especially with respect to tax matters. In structuring, acquiring and disposing of investments, the General Partner generally will consider the investment and tax objectives of the Fund and its Partners as a whole, not the investment, tax or other objectives of any Limited Partner individually.

THE FOREGOING LIST OF RISK FACTORS AND POTENTIAL CONFLICTS OF INTEREST DOES NOT PURPORT TO BE A COMPLETE ENUMERATION OF THE RISKS AND POTENTIAL CONFLICTS OF INTEREST WITH RESPECT TO THE FUND. ADDITIONAL RISKS AND CONFLICTS OF INTEREST MAY EXIST THAT ARE NOT PRESENTLY KNOWN TO THE GENERAL PARTNER OR ARE DEEMED IMMATERIAL. IN ADDITION, AS THE INVESTMENT PROGRAM OF THE FUND DEVELOPS AND CHANGES OVER TIME, AN INVESTMENT IN THE FUND MAY BE SUBJECT TO ADDITIONAL AND DIFFERENT RISK FACTORS AND POTENTIAL CONFLICTS OF INTEREST.

Item 9 Disciplinary Information

Neither the Adviser, nor any of its managers, officers or Principals have been involved in any investment-related criminal or civil actions in a domestic, foreign or military court.

Neither the Adviser, nor any of its managers, officers or Principals have been involved in any administrative proceedings before the SEC, any other federal regulatory agency, any state regulatory agency or any foreign financial regulatory authority.

Neither the Adviser, nor any of its managers, officers or Principals have been involved in any self-regulatory organization proceedings.

Item 10 Other Financial Industry Activities and Affiliates

As disclosed in Item 4, Sallyport serves as the adviser and manager to, and is affiliated with, the General Partner of the Fund. The General Partner of the Fund is and will be under common ownership or control with Sallyport.

The Adviser is not registered, and does not have an application pending to register, as a broker-dealer or registered representative of a broker-dealer. Currently, no employees of the Adviser are registered representatives of a broker-dealer.

Neither the Adviser nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities.

Family Office

Sallyport Investments, LLC (“Sallyport Investments” or the “Family Office”) is a separate affiliated entity that was founded in 2012 as a single-family office in Houston, Texas to provide capital and leadership to early-stage companies. Certain employees of the Adviser provide administrative or investment management services to certain investment vehicles that are managed by the Family Office. The ultimate beneficial owner of the Family Office, Doug Foshee, has, prior to the Adviser’s registration with the SEC as an investment adviser under the Advisers Act, been involved with the affiliated Family Office and currently has significant authority over the Family Office’s investments.

In connection with the foregoing, the Family Office will no longer be making new private investments. The Fund will not be precluded from pursuing certain investment opportunities or being delayed in pursuing such opportunities, which could result in less favorable terms to the Fund.

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

Sallyport has established a code of ethics (the “Code of Ethics”) that sets forth standards of ethical conduct for our professionals. This Code of Ethics addresses standards of treating clients ethically, potential conflicts of interest and personal trading by our firm and our affiliates and professionals. In addition, we have established policies and procedures that address, among other things, potential conflicts of interest that might arise in the management of the Fund that we sponsor.

The Code of Ethics requires Sallyport personnel to (among other things):

- Report their personal securities transactions and holdings;
- Certain transactions require pre-approval from the CCO;
- Pre-clear any proposed purchase of any initial public offering or limited offering; and
- Comply with policies and procedures reasonably designed to prevent the misuse of, or trading upon, material non-public information.

Sallyport policies prohibit our employees from purchasing or selling, directly or indirectly, any security while in possession of material, non-public information regarding the security, whether or not this information was obtained in the course of employment. Sallyport employees also may not discuss material, non-public information with anyone outside of our firm and our affiliates. In addition, prior to investing in shares of initial public offerings or private placements, an employee must first pre-clear the trade with our Chief Compliance Officer or a designee.

Sallyport employees are not permitted to take for their own advantage an opportunity that rightfully belongs to our firm, our affiliates or the Fund, are prohibited from using corporate property, information or position for personal gain, and may not compete directly or indirectly with our firm, our affiliates or the Fund.

Sallyport employees and control persons must certify annually that they have read and agree to comply in all respects with our Code of Ethics and that they have disclosed or reported all personal securities transactions, holdings and accounts required to be disclosed or reported by our Code of Ethics. Additionally, our Code of Ethics provides for a range of sanctions, as deemed appropriate by our senior management, should anyone violate the Code of Ethics. These sanctions include, but are not limited to, a warning, fines, disgorgement, suspension, or termination of employment.

The paragraphs above only represent a summary of key provisions in our Code of Ethics. Sallyport will provide a copy of our entire Code of Ethics to any prospective client.

Item 12 Brokerage Practices

The Adviser intends to provide discretionary investment advice to the Fund and does not have an active brokerage relationship due to the type of investments made by Sallyport for the Fund.

When publicly traded securities are the subject of a trade and there is a broker selection opportunity, Sallyport will endeavor to select a broker or other counterparty on the basis of best execution and in consideration of various factors deemed relevant or appropriate, including, without limitation: (i) the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any); (ii) the operational efficiency with which transactions are effected, taking into account the size of order and difficulty of execution; (iii) the financial strength, integrity and stability of the broker; (iv) the broker's risk in positioning a block of securities; and (v) the competitiveness of commission rates in comparison with other brokers satisfying other selection criteria. Sallyport may cause the Fund to pay higher commissions to brokers believed to offer superior service under the circumstances, including brokers that provide investment research and analysis to the Fund. Accordingly, when Sallyport determines in good faith that the amount of commissions charged by a broker is reasonable in relation to the value of the overall services provided to the Fund, including internally-developed research and other services provided by such broker, Sallyport may cause the Fund to pay commissions to such broker in an amount greater than the amount another broker might charge.

Sallyport currently does not use soft dollars generated by the Fund to pay for research and/or related services provided by brokers.

Investment opportunities generally are allocated in accordance with the provisions set forth in the Governing Documents of the Fund.

Item 13 Review of Accounts

Sallyport's professionals will serve on the investment committee for the Fund for which we act as adviser, and they routinely monitor the portfolio investments. Their reviews will focus on operations, financial performance and strategic direction of each portfolio company owned by the Fund. The investment committee will monitor each portfolio investment on an ongoing basis to ensure compliance with its stated objective.

In addition, the investment committee will review the valuations of the Fund's investments that are non-marketable securities.

The Fund will furnish audited financial statements, a statement and summary of all portfolio investments and tax information necessary for the completion of United States tax returns to all Investors, each within one hundred twenty (120) days after the end of each fiscal year, or as soon as reasonably practicable thereafter (and subject to reasonable delays in the event of the late receipt of necessary financial statements or other information from any person in which the Fund holds an investment), commencing, in the case of audited financial statements and statements and summaries of portfolio investments, with the first fiscal year in which the Fund makes a portfolio investment.

Each Investor will also be furnished with the unaudited financial statements of the Fund within ninety (90) days after the end of the first three fiscal quarters of each fiscal year, or as soon as reasonably practicable thereafter (and subject to reasonable delays in the event of the late receipt of necessary financial statements or other information from any person in which the Fund holds an investment), commencing with the first fiscal quarter in which a capital call notice is issued to the Partners.

In addition to the information provided to the Fund's Investors, we have, and in the future may arrange to provide certain Investors with additional information or more frequent reports that other Investors will not receive.

Item 14 Client Referrals and Other Compensation

Sallyport may, at times, receive an economic benefit from non-clients for providing advisory services to our fund. For instance, when we conduct certain private equity-related transactions on behalf of our clients, we might receive fees from portfolio companies in which our clients are invested. From these relationships, we have received, and may in the future receive:

- transaction fees (e.g., advisory fees we charge to any portfolio company and organizational or success fees we receive in connection with any fund investment),
- monitoring fees,
- investment banking, underwriting, and/or syndication fees,
- break-up fees, and/or
- directors' fees (including in-kind compensation).

We apply a portion of those fees we receive in these cases to reduce the management fees payable by the Fund and its Investors. The Governing Documents of the Fund set out the terms of these arrangements.

Item 15 Custody

Sallyport will have access to the Fund and authority to deduct fees and other expenses from the Fund's account. Sallyport is deemed under Rule 206(4)-2 of the Advisers Act to have custody of the Fund's funds.

In order to comply with Rule 206(4)-2, the Adviser utilizes the services of a bank and other qualified custodians (as defined under Rule 206(4)-2) to hold all cash and securities of the Fund (except with respect to privately offered securities). In accordance with Rule 206(4)-2, the Adviser also (1) has engaged an independent public auditor to conduct annual audits of the Fund, and (2) distributes audited financial statements of the Fund that are prepared in accordance with United States generally accepted accounting principles to all Investors in the Fund within at least one hundred twenty (120) days after the end of the fiscal year. Qualified custodians are not expected to provide account statements directly to Investors in the Fund.

Item 16 Investment Discretion

Subject to certain limitations, the General Partner and Sallyport will have full and exclusive authority to manage the business and affairs of the Fund and will be responsible for making all decisions relating to investments and dispositions by the Fund. Accordingly, Sallyport has the authority to determine, without obtaining specific consent, but subject to the terms and conditions of the applicable Governing Documents, which portfolio companies to buy or sell and the duration of the holding period prior to exiting such investments. Despite this broad authority, Sallyport is committed to adhering to the applicable investment strategy and program set forth in the Fund's Governing Documents.

Item 17 Voting Client Securities

While Sallyport generally does not expect to be called upon to vote with respect to securities owned by the Fund, the Governing Documents for the Fund grants Sallyport the authority to vote its proxies. Accordingly, Sallyport has established proxy voting policies and procedures and related voting guidelines that Sallyport applies to the Fund. These policies, procedures and guidelines are designed to reasonably ensure that proxies are voted in a manner that is consistent with securities laws and Sallyport's fiduciary obligations and in the best interests of the Fund. From time to time, Sallyport may vote proxies for the Fund by following the procedures and guidance set forth in this Item 17.

The majority of proxy-related issues generally involve corporate governance, takeover defenses, compensation plans, capital structure and social responsibility. Sallyport will generally vote in favor of matters that follow an agreeable corporate strategic direction, support an ownership structure that enhances shareholder value without diluting management's accountability to shareholders and/or present compensation plans that are commensurate with enhanced manager performance and market practices.

While proxy voting on all issues presented should be considered, voting on all issues is not required. Some issues presented for a proxy vote of security holders are not deemed relevant to Sallyport's voting objective, or it is not reasonably possible to ascertain what effect, if any, a vote on a given issue may have on the Fund's investment. Additionally, Sallyport may decide that avoiding further expense and investigation and not voting at all on a presented proposal may be in the best interest of the Fund. Accordingly, Sallyport may abstain from voting in certain circumstances.

Item 18 Financial Information

Currently, the Adviser and its affiliates are not aware of any financial condition that is likely to impair the Adviser's ability to meet its contractual obligations and commitments to clients, including the Fund. Sallyport has never been the subject of a bankruptcy petition.