

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

**ITEM 1. COVER PAGE**

**Kanbrick, LLC**

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November 2023

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**December 21, 2023**

**Important Disclosure:**

This Brochure (“**Brochure**”) provides information about the qualifications and business practices of Kanbrick, LLC and its affiliates (“**Kanbrick**” or the “**Firm**”). If you have any questions about the contents of this Brochure, please contact us at (872) 225-2249. 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 the Firm is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Please note that registration as an investment adviser with the SEC does not imply any level of skill, training or ability with respect to the provision of investment advisory services. The oral and written communications of an investment adviser provide you with information through which you determine to hire or retain an investment adviser.

## **ITEM 2. MATERIAL CHANGES**

Since Kanbrick's initial filing in June 2023, this Brochure has been updated to reflect changes in the following sections:

- Item 1 Cover Page has been updated to reflect a new address.

Investors are encouraged to review the Brochure in its entirety.

### ITEM 3. TABLE OF CONTENTS

ITEM 2. MATERIAL CHANGES.....	2
ITEM 3. TABLE OF CONTENTS.....	3
ITEM 4. ADVISORY BUSINESS.....	4
ITEM 5. FEES AND COMPENSATION.....	5
ITEM 6. PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT .....	11
ITEM 7. TYPES OF CLIENTS.....	12
ITEM 8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS.....	13
ITEM 9. DISCIPLINARY INFORMATION.....	21
ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS .....	22
ITEM 11. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND.....	23
ITEM 12. BROKERAGE PRACTICES .....	29
ITEM 13. REVIEW OF ACCOUNTS .....	30
ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION .....	31
ITEM 15. CUSTODY .....	32
ITEM 16. INVESTMENT DISCRETION.....	33
ITEM 17. VOTING CLIENT SECURITIES.....	34
ITEM 18. FINANCIAL INFORMATION .....	35

#### ITEM 4. ADVISORY BUSINESS

- A. Kanbrick is a Delaware limited liability company that was formed in January 2020. The Firm's general partner is KBRK GP, LLC, and the Firm is owned directly by Co-Founders Tracy Britt Cool and Brian Humphrey.
- B. The Firm provides investment advisory services to a pooled investment vehicle (the "**Partnership**"). The Partnership generally seek to rely on an exemption from registration under the Investment Company Act of 1940, as amended (the "**Investment Company Act**"), and whose securities are not registered under the Securities Act of 1933, as amended (the "**Securities Act**"). Kanbrick provides discretionary investment management services to the Partnership in accordance with the applicable limited partnership agreement (or analogous organizational document), management agreement, subscription agreement and side letters of the Partnership (each, an "**Advisory Agreement**"). The Advisory Agreements of a Partnership, along with any private placement memoranda and related materials are referred to herein collectively as the "**Offering Documents**" of such Partnership.

The Firm's primary investment objective for the Partnership is set forth in such Partnership's Offering Documents. In accordance with the Partnership's individual investment objectives, investments are generally made in privately held companies located in the United States and elsewhere (each such company is referred to herein as a "**Portfolio Company**," and collectively, the "**Portfolio Companies**").

Kanbrick is affiliated with an entity that serves as general partner ( "**General Partner**") to the Partnership. The advisory services of Kanbrick and of the General Partner are described in this Brochure and in the Advisory Agreements applicable to the Partnership, but generally consist of: investigating, identifying, and evaluating investment opportunities; structuring, negotiating, and making investments on behalf of the Partnership; managing and monitoring the performance of such investments; and disposing of such investments. The information set forth herein regarding the investment advisory services provided by Kanbrick shall also apply in respect of the General Partner unless specifically noted.

Kanbrick has established KBS Group ("**KBS**", "**KBS Group**", or "**KBS Operations**"), which is an operations group comprised of persons that are employees of a consulting firm affiliated with Kanbrick, which is expected to provide services exclusively to the Firm and its affiliates, or independent contractors retained by the General Partner, the Firm or their affiliates primarily to provide operational due diligence for prospective and actual Portfolio Companies, as well as to assist with post-closing operating initiatives for Portfolio Companies.

- C. Kanbrick provides investment advice directly to the Partnership, subject to the discretion and control of the applicable General Partner, and not individually to the investors in the Partnership. Such investors accept the terms of advisory services as set forth in the Partnership's Advisory Agreements. The Firm expects to have broad investment authority with respect to the Partnership and, as such, investors should consider whether the investment objectives of the Partnership are in line with their individual objectives and risk tolerance prior to investing.
- D. As of March 31, 2023, Kanbrick managed \$196,250,000 million in regulatory assets on a discretionary basis. The Firm does not manage any assets on a non-discretionary basis.

## ITEM 5. FEES AND COMPENSATION

### A. Management Fees

As compensation for investment advisory services rendered to the Partnership, Kanbrick generally receives management fees (each, a “**Management Fee**”) from each such Partnership typically calculated based on committed capital, remaining invested capital, or fair market value with respect to such Partnership. Management Fees may be reduced during the life of a Partnership. Management Fees paid by the Partnership may also be reduced by other fees or compensation received by the Firm or its affiliates that relate to the Partnership’s activities and investments, or by certain organizational or other expenses borne by the Partnership, as described in more detail below. Management Fees paid by the Partnership are indirectly borne by investors in such Partnership.

Management Fees vary Partnership by Partnership (in the event of potential future Partnerships) and are generally payable quarterly in advance. Management Fees are generally deducted directly from the Partnership’s account and are generally borne by the Partnership’s third-party investors. Upon termination of the Partnership’s Advisory Agreements, Management Fees that have been prepaid are generally returned on a prorated basis.

The precise amount and manner and calculation of the Management Fees for the Partnership are established by the Firm and are set forth in the Partnership’s Advisory Agreements received by each investor prior to investment in the Partnership. Generally, the Management Fees are based on 2% on committed capital during the investment period and subsequently 1.5% on invested thereafter with a 100% fee offset allocated to the limited partners on a pro-rata basis. The Management Fees and other fees and distributions described herein are generally subject to modification, waiver, or reduction by the Firm in its sole discretion, both voluntarily and on a negotiated basis with selected investors via side letter and other arrangements, which may not be disclosed to other investors in the Partnership. The fee structures described herein may be modified from time to time. Fees may differ from one Partnership to another, as well as among investors in the Partnership.

### B. Expenses

#### *Partnership Expenses*

If and to the extent permitted by the Advisory Agreements and other Offering Documents of a Partnership, such Partnership will bear all expenses relating to it to the extent not borne by its actual or prospective Portfolio Companies, including, without limitation: (i) Organizational Expenses (as defined below); (ii) the Management Fee; all expenses of operating the Partnership (except those reimbursed by a portfolio company), including (but not limited to) (iii) fees, costs and expenses of tax advisors, accountants, third-party administrators and administration (including tracking and reporting software), depositaries, legal counsel, auditors, custodians, consultants (including consulting and retainer fees paid to the KBS Group or any of its members and other consultants), operating executives, industry experts, senior advisors, deal finders, brokers, agents, research-related data providers (including related systems, software and services from such data providers), valuation experts (including third party valuations, appraisals and pricing services) and other professionals and the costs of related information management systems (whether maintained by the Advisor, third-party administrators or otherwise), including the fees, costs and

expenses of secondment of personnel of the foregoing; (iv) costs associated with preparing, printing, filing and distributing Partnership-related or investment-related financial statements or other reports, tax returns, tax estimates, Schedule K-1s, or any other administrative, compliance or regulatory filings or reports (including Form PF and any filings or reports or other regulatory requirements contemplated by or arising under the European Union Alternative Investment Partnership Managers Directive (the “Directive”) or any similar law, rule or regulation (including any implementing law, rule or regulation relating thereto), including the Partnership’s, and the Advisor’s registered office fees and filing fees in the Cayman Islands, if any), communications and other reports to investors and monitoring investor portfolio activity (including, without limitation, accounting or financial management software, any online data portal and other third party expenses incurred in connection with secure communications to Combined Limited Partners, the preparation of financial statements and other accounting or similar administrative functions); (v) costs and expenses, if any, incurred in connection with attending meetings related to Portfolio Investments (including the cost of first class and/or business class commercial airfare, whether actually incurred or incurred as the deemed cost of using or chartering private aircraft or other private air travel owners; provided, that air travel paid for by the Partnership shall not exceed commercial first class equivalent rates), accommodation and entertainment related thereto), developing, identifying, negotiating, structuring, monitoring, holding (including any expenses of portfolio tracking facilities), structuring, organizing, consummating, financing, refinancing, bidding on, owning, restructuring, managing, operating, hedging, trading, taking public or private, acquiring, obtaining regulatory approvals for, settling, monitoring, maintaining custody of, or, to the extent applicable, selling, valuing, winding up, liquidating or otherwise dissolving or disposing of, as applicable, Portfolio Investments and the Partnership’s temporary investments (including due diligence in connection therewith and portfolio and risk management), including, without limitation, any associated financing, legal, accounting, auditing, appraisal, advisory, consulting, commitment, transaction or other fees and expenses payable to attorneys, accountants, tax professionals, investment bankers, lenders, third party software and service providers, consultants and other professional expenses in connection therewith, and any fees and expenses related to transactions that may have been offered to co investors; (vi) any fee, cost, expenses liability or obligation associated with the organization, documentation and maintenance of any Parallel Vehicles or feeder vehicles or Alternative Vehicles established by the General Partner or any of its affiliates to pursue the Partnership’s investment strategy, or their respective activities, business, Portfolio Companies or actual or potential investments (to the extent not borne or reimbursed by a Portfolio Company or investment of such Alternative Vehicle) that would be a Partnership Expense or Organizational Expense if it were incurred in connection with the Partnership, and any expenses incurred in connection with the formation, management, operation, termination, winding up and dissolution of any feeder vehicles related to the Partnership to the extent not paid by the investors investing in such entities; (vii) costs and expenses incurred in connection with establishing, capitalizing and operating platform vehicles, including expenses of searches on retainer and expenses related to attending trade association meetings, conferences or similar meetings for purposes of evaluating potential investment opportunities, tombstones and advertising in trade publications for the purpose of generating potential investment opportunities; (viii) brokerage commissions, prime brokerage fees, custodial expenses, fees associated with lines of credit, agent bank and other bank service fees, and other investment costs, fees and expenses actually incurred in connection with making, holding, settling, custody, monitoring or disposing of actual Portfolio Investments; (ix) the costs and expenses of holding meetings or conferences with Combined Limited Partners, the Partnership Advisory Committee and/or any strategic advisory board and

other expenses of the Partnership Advisory Committee and/or strategic advisory board as set forth in the Partnership Agreement, including, without limitation, travel, set-up, room and board, honorarium, dining, entertainment and related expenses in respect of such meetings or conferences; (x) costs and expenses, if any, incurred by or on behalf of the Partnership, any Parallel Vehicle, any Alternative Vehicle, any feeder vehicle, or any vehicles formed for strategic investors or other co-investors in (a) developing, investigating (including any subscriptions to any periodicals or databases), acquiring, structuring, organizing, negotiating, consummating, financing, refinancing, bidding on, restructuring, trading, prospective or potential portfolio companies or seeking to do any of the foregoing (including any associated legal, financing, commitment, transaction or other fees and expenses payable to attorneys, accountants, tax professionals, investment bankers, lenders, third party software and service providers, consultants, operating executives and senior advisors and similar professionals in connection therewith, and any fees and expenses related to transactions that may have been offered to co investors), to the extent the General Partner or the Advisor is not reimbursed by a prospective or actual Portfolio Company or other third parties, (b) break-up, reverse break-up, topping and termination fees and other similar fees payable by the Partnership, any Parallel Vehicle, any Alternative Vehicle, any feeder vehicle, any vehicle formed for strategic investors or other co-investors or any acquisition vehicle in connection with Portfolio Investments that are not ultimately made, (c) all fees (including commitment fees), costs and expenses of lenders, investment banks and other financing sources in connection with arranging financing for a proposed Investment that is not ultimately made, (d) any amounts paid to an individual or group pursuing a business plan that is not successfully implemented, and (e) any deposits or down payments of cash or other property which are forfeited in connection with a proposed Portfolio Investment that is not ultimately made (“Broken-Deal Expenses”); (xi) the costs of any litigation, liability and directors and officers liability, errors and omissions liability and general partnership liability premiums and other insurance and regulatory expense; other insurance expense; and indemnification (including any fees, costs and expenses incurred in connection with indemnifying any Partner or other Person and advancing fees, costs and expenses incurred by any such Person in defense or settlement of any claim that may be subject to a right of indemnification) or extraordinary expenses or liabilities relating to the affairs of the Partnership; actual, threatened or otherwise anticipated litigation, mediation, arbitration or other dispute resolution process, including any costs and expenses of any discovery related thereto and any judgment, other award or settlement entered into in connection therewith; (xii) all fees, expenses and settlements related to hedging, foreign exchange or currency transactions; (xiii) fees, costs and expenses, if any, associated with any third-party examinations or audits (including other similar services) of the Partnership, the General Partner or the Advisor that are attributable to the operation of the Partnership or requested by Limited Partners; (xiv) all out of pocket fees, costs and expenses, if any, incurred in connection with (A) the Partnership’s legal and regulatory compliance with U.S. federal, state, local, non-U.S. or other law or regulation (including, without limitation, regulatory filings of the Advisor and its affiliates relating to the Partnership and its activities, including reporting on and compliance with Form PF, FATCA and any comparable legislation or regulations published by any other relevant jurisdiction, including in each case reports, disclosures, filings and notifications prepared in accordance with and the organization or maintenance of any entity used in connection with compliance with the Directive by the Partnership or any Parallel Vehicle (including any entity established to be the “alternative investment Partnership manager” of the Partnership or any Parallel Vehicle within the meaning of the Directive) as well as any travel and accommodation expenses related to such entity, the salary and benefits of any personnel reasonably necessary for the maintenance of such entity, or

other overhead expenses in connection therewith) and/or (B) any litigation or governmental inquiry, investigation or proceeding involving the Partnership, including any costs and expenses of any discovery related thereto and the amount of any judgments, settlements or fines paid in connection therewith; (xv) fees, costs and expenses of tax advisors and tax structuring with respect to Portfolio Investments, including any costs and expenses incurred in administering or maintaining any non-U.S. or other holding companies used by the Partnership to hold or make Portfolio Investments (whether incurred by the Advisor or its affiliates, including the allocable rent and/or compensation cost of those personnel located in local non-U.S. offices who are involved in providing such services, or by any other third party); (xvii) the costs of dissolving the Partnership and liquidating the Partnership's assets; and any taxes, fees or other governmental charges levied against or reserved by the Partnership and all expenses incurred in connection with any tax audit, investigation, settlement or review of the Partnership; provided, that this in no way limits the amount of taxes withheld or may be required to withhold; (xviii) the expenses related to transfers of Interests; (xix) the costs and expenses of any lenders, investment banks and other financing sources (including principal and interest on and fees and expenses arising out of all borrowings made by the Partnership permitted under the Partnership Agreement, including, but not limited to, the arranging thereof and any related expenses or professional fees incurred in connection with any procedure reports for lenders); (xx) expenses incurred in connection with complying with provisions in side letters, including "most favored nations" provisions; (xxi) unreimbursed expenses and unpaid fees of the KBS Operations Group or its executives and employees; (xxii) any activities with respect to protecting the confidential or non-public nature of any information or data, including any confidential information; (xxiii) defaults by Partners in the payment of any Capital Contributions; (xxiv) amendments to, and waivers, consents or approvals pursuant to, the constituent documents of the Partnership, the Parallel Vehicle, feeder vehicles and any Alternative Vehicles or special purpose vehicle of the Partnership or the Parallel Vehicle, including the preparation, distribution and implementation thereof; and (xxv) any other fees, costs, expenses, liabilities or obligations approved by the Partnership Advisory Committee (the "Partnership Expenses").

Moreover, the Partnership shall be charged with all costs and expenses pertaining to the offering and sale of interests to prospective investors and the organization of the Partnership and its General Partner, as disclosed in the Partnership's Advisory Agreements ("**Organizational Expenses**"). Such Organizational Expenses will be net of any cap as outlined below under Firm Expenses.

In addition, Kanbrick may engage or employ one or more individuals with significant industry, domain, transactional, investment, operating or other experience to assist with sourcing investment opportunities, conducting due diligence, facilitating transaction execution, and overseeing or providing special services to one or more Portfolio Companies held by the Partnership (the "**Services**"), including by serving as an executive of or consultant to one or more Portfolio Companies of the Partnership (each, an "**Operating Advisor**"). If and to the extent permitted under the Partnership's Advisory Agreements and other Offering Documents, any and all compensation, fees and expenses associated with the Operating Advisors and the Services will be paid and/or reimbursed by applicable Portfolio Companies and/or the Partnership and therefore constitute a direct or indirect expense of the Partnership and not the Firm.

#### *Firm Expenses*

The Firm will bear any expenses that relate to operating the Firm that are not borne by the Partnerships as set forth above (subject to a Partnership's Advisory Agreements and other Offering



Documents). In addition, any Organizational Expenses with respect to a Partnership in excess of any “cap” established by the Firm and set forth in such Partnership’s Advisory Agreements, together with any placement agent fees paid by each Partnership, shall offset Management Fees payable by the Partnership to the Firm (such that the Firm bears Organizational Expenses in excess of such cap and all placement agent fees).

#### *Portfolio Company Expenses*

Expenses of Portfolio Companies are paid by the applicable Portfolio Companies and are not borne by the Partnerships directly. Such expenses may include (i) expenses of consultants and Operating Advisors engaged by the Firm on behalf of a Portfolio Company, (ii) any expenses initially borne by the Firm or a Partnership and reimbursed by the Portfolio Company, and (iii) any other expenses incurred by the Portfolio Companies.

#### *Allocation of Expenses*

From time to time the Firm will be required to decide whether certain fees, costs, and expenses should be borne by a Partnership, on the one hand, or the Firm on the other hand, and whether certain fees, costs, and expenses should be allocated between or among Partnerships and other parties. Certain expenses will be incurred that, in the future, are attributable to multiple Partnerships (including in connection with Portfolio Companies in which Partnerships have overlapping investments and in connection with the general operation or administration of such entities). The allocation of such expenses among such entities raises potential conflicts of interest.

The Partnership may from time to time co-invest in investment opportunities. In addition, a new Partnership may be established to facilitate co-investment by Co-Investors alongside other future Partnerships, either in a single investment opportunity or in all investment opportunities made by such Partnerships. Any fees, Carried Interest (as defined below) or other compensation received by the Firm or its affiliates from any Partnerships established to co-invest with other future Partnerships will not offset the Management Fee payable by the applicable other Partnership or otherwise benefit such other Partnership or its investors.

To the extent not allocated to a Portfolio Company, the Firm will allocate fees and expenses incurred in the course of evaluating and making investments that are consummated between Partnerships in accordance with each Partnership’s Advisory Agreements or, to the extent not addressed in such Advisory Agreements, as determined by the Firm in its good faith but sole discretion, taking into account such factors that it determines to be relevant for a particular expense. If multiple Partnerships evaluate a potential investment that is not consummated, the Firm will allocate Broken-Deal Costs in accordance with the Partnership’s Advisory Agreements or, to the extent not addressed in such Advisory Agreements, the Firm generally allocates the applicable Broken-Deal Costs among such Partnerships based on the anticipated investment of the Partnership. Such Broken-Deal Costs typically are not allocated to co-investment vehicles or other Co-Investors and will be paid solely by the applicable Partnership(s).

Certain expenses (e.g., insurance premiums) will be incurred for the benefit of both the Firm itself, on the one hand, and a Partnership or Partnerships, on the other hand. Apportionment of such expenses involves a conflict of interest. To the extent not addressed in the Advisory Agreements of a Partnership, the Firm will make any such allocation determination in a fair and reasonable manner using its good faith but sole discretion, notwithstanding its interest (if any) in the allocation. The Firm will make any corrective allocations and take any mitigating steps if it determines such corrections are necessary or advisable. Notwithstanding the foregoing, the portion of an expense

allocated to a Partnership for a particular service may not reflect the relative benefit derived by such Partnership from that service in any particular instance.

*Brokerage Fees*

Although the Firm does not generally utilize the services of broker-dealers to effect portfolio transactions for the Partnership, in the event that it chooses to use a broker-dealer for limited purposes relating to a particular Partnership, the Partnership will incur brokerage and other transaction costs. For additional information regarding brokerage practices, please see Item 12 below.

C. The foregoing information concerning expenses and their application to the Partnership is subject in all respects to the Partnership's Advisory Agreements and other Offering Documents.

D. Please refer to Item 6 regarding Carried Interest that the Partnership may pay.

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

As mentioned in Item 5 of this Brochure, the Firm is entitled to receive performance-based fees, in the form of a portion of the Partnership's profits distributable to its General Partner as "**Carried Interest**". Kanbrick is entitled to receive Carried Interest distributions from the Partnership based on the profitability of Portfolio Company investments in aggregate, as further described in the Partnership's Advisory Agreements.

Carried Interest paid by the Partnership is indirectly borne by investors in such Partnership. Certain Partnerships and investors in such Partnerships, in the future, may incur lower or no Carried Interest. Firm personnel generally invest in the Partnership indirectly through the Partnerships' General Partners, and therefore will generally not pay Carried Interest with respect to their indirect investments in the Partnership.

The payment by some, but not all, Partnerships of Carried Interest or the payment of Carried Interest at varying rates (including varying effective rates based on the past performance of a Partnership) creates an incentive for the Firm to disproportionately allocate time, services, and functions to Partnerships paying Carried Interest or Partnerships paying Carried Interest at a higher rate, or allocate investment opportunities to such Partnerships. Generally, and except as may be otherwise set forth in the Advisory Agreements of the Partnerships, this conflict is mitigated by (i) certain limitations on the ability of the Firm to establish new investment Partnerships, and (ii) contractual provisions and procedures setting forth investment allocation requirements. Please also see Item 11 *Allocation of Investment Opportunities Among Clients* below for additional information relating to how conflicts of interests are generally addressed by the Firm.

## **ITEM 7. TYPES OF CLIENTS**

The Firm currently provides investment supervisory services to the Partnership. Investment advice is provided directly to the Partnership (subject to the direction and control of the General Partner of each such Partnership, if applicable) and not individually to investors in such Partnership.

Interest in the Partnership is offered pursuant to applicable exemptions from registration under the Securities Act and the Investment Company Act. Investors in the Partnership are generally “accredited investors” as defined in Regulation D of the Securities Act, may be “qualified purchasers” as defined in the Investment Company Act, and may include, among others, high net worth individuals, banks, thrift institutions, pension and profit sharing plans, trusts, estates, charitable organizations, university endowments, corporations, limited partnerships, and limited liability companies or other entities. Investors bearing a Partnership’s Carried Interest are “qualified clients” as defined in the Advisers Act (defined below).

The Firm does not have a minimum size for a Partnership, but a minimum investment commitment of \$125,000 has been established for investors in the Partnership. Minimum investment amounts are set forth in each Partnership’s Offering Documents, however, the General Partner of the Partnership may in its sole discretion permit investments below the minimum amounts set forth in the Partnership’s Offering Documents.

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

- A. Kanbrick seeks to make privately negotiated investments in control or control-oriented interests in private middle-market North American companies and may also make privately negotiated investments in which the Partnership would hold a minority position. Partnership investments will be affected using a broad variety of investment types and transaction structures. Kanbrick spends a considerable amount of time sourcing deals and maintaining a vast outreach program. The overall process allows Kanbrick to focus its efforts on the most interesting business opportunities.

A full description of the Firm's investment strategy and processes with respect to a particular Partnership are included in the Partnership's Advisory Agreements and other Offering Documents.

- B. *Listed below are some of the risks associated with an investment in the Partnership. The following explanation of certain risks is not exhaustive, but rather highlights some of the more significant risks involved in the Partnership's investment strategies. For a complete explanation of the Partnerships' relevant investment strategies and their associated risks, investors should review the relevant Advisory Agreements and other Offering Documents, which may contain additional explanations of strategies, risks and other related details not discussed below. For the avoidance of doubt, each of the following risks may be applicable the Partnership advised by Kanbrick; please refer to the relevant Advisory Agreements and other Offering Documents of the Partnership in which you are an investor for additional information.*

**Risks Associated with Portfolio Investments.** Identifying and participating in attractive investment opportunities and assisting in the building of successful companies is difficult. The types of investments that the Partnership anticipates making involve a high degree of risk. In general, financial and business risks confronting Portfolio Companies can be significant. While targeted returns are generally expected to reflect the perceived level of risk in any investment situation, there can be no assurance that the Partnership will be adequately compensated for risks taken. A loss of an investor's entire investment is possible. The timing of profit realization is highly uncertain. Losses are likely to occur early in the Partnership's term, while successes often require a long maturation. There is no assurance that the Partnership's investments will be profitable and there is a substantial risk that the Partnership's losses and expenses will exceed its income and gains. Any return on investment to the investors will depend upon successful investments made on behalf of the Partnership by Kanbrick. There generally will be little or no publicly available information regarding the status and prospects of Portfolio Companies. Many investment decisions by the Firm will be dependent upon the ability of its partners and agents to obtain relevant information from non-public sources, and the Firm often will be required to make decisions without complete information or in reliance upon information provided by third parties that is impossible or impracticable to verify. The marketability and value of each investment will depend upon many factors beyond the Firm's control. Typically, although Kanbrick's personnel or an Operating Advisor may serve on a Portfolio Company's board of directors, each Portfolio Company will be managed by its own officers (who generally will not be affiliated with the Partnership or Kanbrick). The Partnership may hold minority positions in Portfolio Companies or acquire securities that are subordinated vis-à-vis other securities as to economic, management or other attributes.

Portfolio Companies may have substantial variations in operating results from period to period, face intense competition, and experience failures or substantial declines in value at any stage. New technological developments may have a negative effect on a Portfolio Company's products and business. Portfolio Companies may need substantial additional capital to support growth or to achieve or maintain a competitive position. Such capital may not be available on attractive terms. The Partnership's capital is limited and may not be adequate to protect the Partnership from dilution in multiple rounds of Portfolio Company financings. The public market for lower-middle market and other private companies is extremely volatile. Such volatility may adversely affect the development of Portfolio Companies, the ability of the Partnership to dispose of investments, and the value of investment securities on the date of sale or distribution by the Partnership. In particular, the receptiveness of potential acquirers to the Partnership's Portfolio Companies will vary over time and, even if a Portfolio Company investment is disposed of via a merger, consolidation or similar transaction, the Partnership's stock, security or other interests in the surviving entity may not be marketable. There can be no guarantee that any Portfolio Company investment will result in a liquidity event via a merger, acquisition or otherwise, and there is a significant risk that the Partnership's investments will yield little or no return. The securities in which the Partnership will invest may be among the most junior in a Portfolio Company's capital structure and, thus, subject to the greatest risk of loss. Generally, the investments made by the Partnership will be illiquid and difficult to value, and there will be little or no collateral to protect an investment once made. In most cases, investments will be long term in nature and may require many years from the date of initial investment before disposition. It is likely that the Partnership will still hold some illiquid securities at the time of the Partnership's dissolution, with the result that such securities may be distributed in-kind or sold for a discounted price that reflects their illiquid nature.

**Risk Inherent in Private Equity Investments.** The Partnership's Portfolio Companies generally operate in various industry sectors that entail significant operating risk. Although private equity investments, such as the Partnership's investment in Portfolio Companies, tend to be less risky than venture or growth capital-backed companies, the Partnership's investments will involve significant financial and business risks. The Partnership's Portfolio Companies may need substantial additional capital (which may not be available) to support additional research and development activities, expansion, to develop new services or to achieve or maintain a competitive position. Such companies may face intense competition, including from companies with greater financial resources, more extensive marketing and service capabilities and a larger number of qualified managerial and technical personnel.

**Concentration of Investments; Geography.** The Partnership's portfolio may become concentrated in a limited number of investments, increasing the vulnerability of the portfolio as compared to a portfolio that is more diversified. In certain cases, the Partnership may acquire a majority or greater of certain Portfolio Companies, which could further increase the vulnerability of the portfolio.

**Long-Term Investment.** An investment in the Partnership is a long-term commitment, and there is no assurance of any distribution to the investors.

**Limited Transferability of Interests; Withdrawals.** An investment in the Partnership should be viewed as illiquid. The Offering Documents and applicable securities laws will impose

substantial restrictions upon the transferability of Partnership interests. There is no public or other market for Partnership interests, and it is not expected that such a market will develop. Withdrawal of investors from the Partnership generally will not be permitted, although the Offering Documents may specify certain circumstances under which an investor may be entitled, or required, to withdraw from the Partnership. A withdrawn investor may not be entitled to immediate payment for its interest in the Partnership. Any withdrawal of an investor can reduce the amount of the Partnership's capital available for investment or other activities.

**Bridge Financings.** From time to time, the Partnership will lend to Portfolio Companies, including on a short-term, unsecured basis in anticipation of a future issuance of equity or long-term debt securities. Such bridge loans would typically be convertible into a more permanent, long-term security; however, for reasons not always in the Partnership's control, such long-term securities may not be issued and such bridge loans may remain outstanding. In such an event, the interest rate on such loans may not adequately reflect the risk associated with the unsecured position taken by the Partnership.

**Leverage.** Although the Partnership does not intend to borrow except on a short-term basis, Portfolio Companies in which the Partnership invests may borrow without limitation. While leverage presents opportunities to increase the Partnership's total return, it has the effect of potentially increasing losses as well. If the income of such Portfolio Companies is less than the required interest payments on the borrowings, the value of the Portfolio Companies, and thus of the Partnership's net assets, may decrease or, in extreme cases, the lender could foreclose on the Portfolio Company and the Partnership could suffer a total loss. In certain cases and subject to the applicable limitations in the Offering Documents, the Partnership may guarantee borrowings by Portfolio Companies. Such guarantees could result in additional losses for the Partnership with respect to such Portfolio Companies and could cause the Partnership to reserve cash to support such guarantees that it might otherwise use for different purposes. Accordingly, any event that adversely affects the value of an investment by the Partnership may be magnified to the extent that a Portfolio Company in which the Partnership invests is leveraged.

**Competition.** Private equity is highly competitive and has become more so in recent years due to a substantially increased flow of capital into private equity and similar investment organizations. The Partnership and Kanbrick will be competing with other established Partnerships and investment organizations with substantial resources and experience. Moreover, the volume of attractive investment opportunities varies greatly from period to period. There can be no assurance that the Partnership will be able to make investments on attractive terms, and it is possible that the Partnership's term will expire before the Partnership has invested all of its available capital.

**General Economic and Political Conditions; Changes in Environment.** Changes in legal, tax, fiscal and regulatory regimes may occur during the life of the Partnership that may have an adverse effect on the Partnerships. The Partnership may not be permitted to, or be able to, make adjustments in its structure or investment program in order to adapt to such changes. Kanbrick will have the exclusive right and authority (within the limitations set forth in the Offering Documents) to determine the manner in which the Partnership shall respond to such changes, and investors generally will have no right to withdraw from the Partnership or to demand specific modifications to the Partnership's operations in consequence thereof. Interest rates, inflation, general levels of economic activity, the price of securities and participation by

other investors in the financial markets may affect the value and number of investments made by the Partnership. Instability in the securities markets may affect the value of the Partnership's Portfolio Company investments, as well as the length of time such investments are held. A sustained period of inactivity and/or low valuations in the public equity markets could result in substantially lower liquidation values and substantially longer periods before liquidity is achieved in comparison with historical values, which would reduce the returns that could be achieved by the Partnership. Political unrest, war and acts of terrorism may also increase the risks inherent in the Partnership's investments. Due to the illiquidity of the Partnership's investments, the Partnership will have limited ability to adapt to any such changes in the economic environment or mitigate any corresponding losses. Prospective investors are particularly cautioned that the investment sourcing, selection, management and liquidation strategies and procedures exercised by employees of Kanbrick in the past may not be successful, or even practicable, during the Partnership's term. Within the limitations set forth in the Offering Documents, Kanbrick will have the right and authority to cause the Partnership's investment sourcing, selection, management and liquidation strategies and procedures to deviate from current practices.

**Bankruptcy of Portfolio Companies.** The Partnership may make investments in Portfolio Companies that experience financial difficulties and become insolvent or file for bankruptcy protection. There are a number of risks inherent in the bankruptcy process, including, for example, the effects of litigation between the creditors and debtor, the duration of the bankruptcy proceedings and the tangible and intangible costs to the Portfolio Company. Further, various U.S. federal and state and non-U.S. laws in connection with such bankruptcy proceedings could operate to the detriment of the Partnership. There is also a risk that a court may subordinate the Partnership's investments to other creditors or require the Partnership to return amounts previously paid to it by a Portfolio Company that has become insolvent or filed for bankruptcy, a risk that could increase if the Partnership has management rights in such Portfolio Company.

**Reliance on Individuals of the Firm.** The Partnership will be particularly dependent upon the efforts, experience, contacts, and skills of the individual employees of the Firm and in particular its senior investment personnel. The loss of any such individual could have a material, adverse effect on the Partnership, and such loss could occur at any time due to death, disability, resignation or other reasons.

**Reliance on Third Parties.** Kanbrick and the Partnership will require, and rely upon, the services of a variety of third parties, including but not limited to attorneys, accountants, brokers, custodians, consultants, and other agents. Failure by any of these third parties to perform their duties or otherwise satisfy their obligations to the Partnership could have a material adverse effect upon the Partnerships.

**Capital Calls.** Capital calls will be issued by the Partnership from time to time at the discretion of the Firm, based upon the Firm's assessment of the needs and opportunities of the Partnership. To satisfy such calls, investors may need to maintain a substantial portion of their capital commitments in assets that can be readily converted to cash. Except as specifically set forth in the Advisory Agreements of a particular Partnership, each investor's obligation to satisfy capital calls to such Partnership will be unconditional. Without limitation on the preceding sentence, an investor's obligation to satisfy capital calls will not in any manner be contingent



upon the performance or prospects of the Partnership or upon any assessment thereof provided by the Firm. Notwithstanding the foregoing, Kanbrick will not be obligated to call 100% of the investors' capital commitments during each Partnership's term.

**Controlling Investments.** A significant portion of a Partnership's portfolio will likely be comprised of investments in Portfolio Companies in which the Partnership owns a significant portion of the issued and outstanding securities, including ownership and/or control positions which represent at least a majority of a Portfolio Company's voting securities. These investments may entitle the Partnership to elect a majority of a Portfolio Company's directors and exert significant influence over a Portfolio Company's business, operations, affairs and transactions. These capabilities could lead the Partnership to be viewed as controlling a Portfolio Company or being considered a controlling stockholder. As a result, the Partnership may be exposed to claims, lawsuits or investigations by minority stockholders, creditors, government or regulatory authorities or other persons. In the event any such claims were successful, the Partnership may be held liable for any damages that are awarded or be required to pay any settlement with such parties. Even if such claims, lawsuits or investigations prove to be without merit, the Partnership would be required to expend significant resources defending itself and its affiliates. In addition, the Partnership's reputation and goodwill may be harmed if it is considered a controlling stockholder of a Portfolio Company that is subject to negative publicity.

**Minority and Non-Controlling Investments.** Although, the Partnership generally intends to make control investments, a significant portion of the Partnership's investments may represent minority stakes in privately held companies (and/or positions in Portfolio Companies where disproportionate voting control (relative to economic ownership) remains with such Portfolio Companies' founders) and, therefore, will have a limited ability to control various strategic decisions for those Portfolio Companies. In addition, during the process of exiting investments, the Partnership may hold minority equity stakes if portfolio holdings are taken public. Although the Partnership will generally seek representation on the board of directors of its Portfolio Companies, the Partnership may also invest in companies for which the Partnership have no right to appoint a director or otherwise exert significant influence. In such cases, the Partnership will be reliant on the existing management and board of directors of such companies, which may include representatives of other financial investors with whom the Partnership is not affiliated and whose interests may conflict with the interests of the Partnership. To the extent that the management of a Portfolio Company performs poorly, or if a key manager of a Portfolio Company terminates his or her employment with such company, the Partnership's investment in such company could be adversely affected. In addition, where the Partnership holds a minority position in a Portfolio Company, the Partnership may also have limited information rights with respect to such Portfolio Company and thus will receive less information regarding such Portfolio Company than some or all of its other equity holders.

**Risks in Effecting Operating Improvements.** In some cases, the Partnership's investment strategy will depend, in part, on the ability of the Partnership to restructure and effect improvements in the operations of a Portfolio Company. The activity of identifying and implementing restructuring programs and operating improvements at portfolio companies entails a high degree of uncertainty. There can be no assurance that the Partnership will be able to successfully identify and implement such restructuring programs and improvements.

**Investments in Restructurings.** The Partnership may make investments in restructurings that involve portfolio companies that are experiencing or are expected to experience financial difficulties. These financial difficulties may never be overcome and may cause such portfolio companies to become subject to bankruptcy proceedings. As such, these investments could subject the Partnership to certain additional potential liabilities that may exceed the value of the Partnership's original investments therein. For example, under certain circumstances, payments to the Partnership and distributions by the Partnership to investors may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance, a preferential payment or a similar transaction under applicable bankruptcy and insolvency laws. In addition, under certain circumstances, a lender that has inappropriately exercised control of the management and policies of a debtor may have its claims subordinated or disallowed or may be found liable for damages suffered by parties as a result of such action.

**Projections.** Projected operating results of a company in which the Partnership invests normally will be based primarily on financial projections prepared by each company's management. In all cases, projections are only estimates of future results that are based upon assumptions made at the time the projections are developed. There can be no assurance that the results set forth in the projections will be attained, and actual results may be significantly different from the projections. Also, the inaccuracy of certain assumptions, general economic conditions, and other factors, which are not predictable, can have a material impact on the reliability of projections.

**Return of Distributions.** Indemnification obligations and obligations to return proceeds to a Portfolio Company imposed on the Partnership (including obligations that arise after the Partnership's liquidation) could obligate investors to return certain distributions received from the Partnership, as provided in the Offering Documents and under Delaware law.

**Contingent Liabilities on Disposition of Investments.** In connection with the disposition of its investments in Portfolio Companies, the Partnership may be required to make representations about the business and financial affairs of any such investment typical of those made in connection with the sale of a business. The Partnership may also be required to indemnify the purchasers of such investment to the extent that any such representations or representations made by the Portfolio Company are inaccurate. These arrangements may result in the incurrence of contingent liabilities for which Kanbrick may establish reserves and escrows. In that regard, a distribution of proceeds that might otherwise be made may either be delayed or withheld until such reserves are no longer needed. If any such distribution is made in lieu of being delayed and withheld and such representations prove to be inaccurate, the investors could be required to return such distribution to the Partnership as provided in the Advisory Agreements of the Partnership.

**Business Continuity and Disaster Recovery Risks.** The Firm's business operations may be vulnerable to disruption in the case of catastrophic events such as fires, natural disaster, terrorist attacks or other circumstances resulting in property damage, network interruption and/or prolonged power outages. Although the Firm has implemented, or expects to implement, measures to manage risks relating to these types of events, there can be no assurances that all contingencies can be planned for. These risks of loss can be substantial and could have a material adverse effect on the Firm and investments therein.

**Cybersecurity Breaches.** Kanbrick and the Partnership's Portfolio Companies depend heavily upon computer programs to perform necessary business functions. Although Kanbrick has implemented or expects to implement, and Portfolio Companies will likely implement, a variety of security measures, these computer systems could be subject to cyber-attacks and unauthorized access, such as physical and electronic break-ins or unauthorized tampering. Like other companies, Kanbrick and the Partnership's Portfolio Companies may experience threats to their respective data and systems, including malware and computer virus attacks, unauthorized access, system failures and disruptions. If one or more of these events occurs, it could potentially jeopardize the confidential, proprietary and other information processed and stored in, and transmitted through, such computer systems and networks, or otherwise cause interruptions or malfunctions in Kanbrick's, the Partnership's or its Portfolio Companies' operations, which could result in damage to Kanbrick's, the Partnership's or its Portfolio Companies' reputation, financial losses, litigation, increased costs, regulatory penalties and/or customer dissatisfaction or loss.

**Data Protection.** Data protection and regulations related to privacy, data protection and information security could increase costs, and a failure to comply could result in fines, sanctions or other penalties, which could materially and adversely affect the results of operations of one or more Portfolio Companies and the Partnership. Such Portfolio Companies are subject to regulations related to privacy, data protection and information security in the jurisdictions in which they do business. As privacy, data protection and information security laws are implemented, interpreted and applied, compliance costs may increase, particularly in the context of ensuring that adequate data protection and data transfer mechanisms are in place.

Compliance with current and future privacy, data protection and information security laws could significantly impact current and planned privacy and information security related practices, the collection, use, sharing, retention and safeguarding of personal data and some of Kanbrick's and the Partnership's current and planned business activities. A failure to comply with such laws could result in fines, sanctions or other penalties, which could materially and adversely affect results of the Partnership's operations and overall business, as well as have an impact on Kanbrick's and the Partnership's reputation.

**Financial Institution Risk; Distress Events.** An investment in the Partnership is subject to the risk that one of the Partnership's banks, brokers, hedging counterparties, lenders or other custodians of some or all of the Partnership's assets (each, a "**Financial Institution**") fails to perform its obligations or experiences insolvency, closure, receivership or other financial distress or difficulty, similar to that experienced by Silicon Valley Bank and Signature Bank in March 2023 (each, a "**Distress Event**"). Distress Events can be caused by factors including eroding market sentiment, significant withdrawals, fraud, malfeasance, poor performance or accounting irregularities. In the event a Financial Institution experiences a Distress Event, the Firm, the Partnership and/or their Portfolio Companies may not be able to access deposits, borrowing facilities or other services for an extended period of time or ever. Although assets held by regulated Financial Institutions in the United States frequently are insured up to stated balance amounts by organizations such as the Federal Deposit Insurance Corporation ("**FDIC**"), in the case of banks, or the Securities Investor Protection Corporation ("**SIPC**"), in the case of certain broker-dealers, amounts in excess of the relevant insurance are subject to risk of loss, and any non-U.S. Financial Institutions that are not subject to similar regimes pose increased risk of loss. Although in recent years governmental intervention has resulted in additional protections for depositors, there can be no assurance that

governmental intervention will be successful or avoid the risk of loss, substantial delays or negative impact on banking or brokerage conditions or markets.

Any Distress Event has a potentially adverse effect on the ability of the Firm to manage the Partnership and its investments, and on the ability of the Firm, the Partnership and/or Portfolio Companies to maintain operations, which in each case could result in significant losses and unconsummated investment acquisitions and dispositions. Such losses have the potential to require the Partnership to pay fees and expenses in the event the Partnership is not able to close a transaction (whether due to the inability to draw capital on a credit line provided by a Financial Institution experiencing a Distress Event, the inability of investors to make capital contributions or otherwise), as well the inability of a Partnership to acquire or dispose of investments at prices that the relevant General Partner believes reflect the fair value of such investments and/or the inability of portfolio companies to make payroll, fulfill obligations and maintain operations. Although the Firm expects to exercise contractual remedies under the agreements with Financial Institutions in the event of a Distress Event, there can be no assurance that such remedies will be successful or avoid losses or delays.

Many Financial Institutions require, as a condition to using their services or otherwise, that the Firm and/or the Partnership maintain all or a set amount or percentage of their respective accounts or assets with the Financial Institution, which heightens the risks associated with a Distress Event with respect to such Financial Institution. Although the Firm seeks to do business with Financial Institutions that it believes are creditworthy and capable of fulfilling their respective obligations to the Partnerships, the Firm is under no obligation to use a minimum number of Financial Institutions with respect to the Partnership, or to maintain account balances at or below the relevant insured amounts.

**ITEM 9. DISCIPLINARY INFORMATION**

There have been no legal or disciplinary events in the past 10 years involving either Kanbrick or any of its management persons that are material to an investor's evaluation of the Firm or its personnel.

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

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

Also, as noted in Item 4 above, the General Partner, which is an affiliate of the Firm, is the general partner of the Partnership. Additionally, Kanbrick has established KBS Group, as outlined in Item 4, which is an internal group that works with each Portfolio Company and provides services such as items due diligence, post-closing operating initiatives, etc.

- B. Additionally, Kanbrick does not recommend or select other investment advisers for the Partnership nor does it receive any compensation, directly or indirectly, from any other investment advisers that may create a material conflict of interest. Nor does Kanbrick or its management persons have any material relationship with a related person other than being compensated as outlined above.

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

### **A. Code of Ethics**

Through Kanbrick's service as an investment adviser, there may arise many potential conflicts of interest, including, but not limited to, those identified below. Kanbrick adopts and continues to adopt, policies and procedures to address such potential conflicts of interest. Kanbrick has adopted a Code of Ethics (the "**Code**"), which describes the Firm's fiduciary duties and responsibilities to its Partnership, requires that the Firm's employees act in the best interests of the Partnership to the exclusion of contrary interests, act in good faith and in an ethical manner, avoid conflicts of interest with the Partnership to the extent reasonably possible, and identify and manage conflicts of interest to the extent that they arise. Kanbrick's employees are also required to comply with applicable provisions of the federal securities laws and make prompt reports to the Firm or other appropriate party of any actual or suspected violations of such laws by Kanbrick or its employees. Initially, upon hire, and on an annual basis thereafter, Kanbrick requires that all employees certify to their receipt, review, understanding, and compliance with the provisions of the Firm's Code.

In addition, the Code sets forth formal policies and procedures with respect to the personal securities trading activities of the Firm's employees. The Code prohibits personal securities transactions of issuers who have been placed on the Firm's restricted list and requires written pre-approval for any interest in a limited offering, initial public offering ("**IPO**"), interest in a private Partnership (i.e., hedge fund or private equity fund) and interest in a private company. The Code requires employees to report all securities transactions on a quarterly basis and provide a summary of securities holdings initially upon hire and on an annual basis thereafter. The Code also addresses outside activities of employees, conflicts of interest, policies and procedures concerning the prevention of insider trading, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and the pre-clearance and reporting of political contributions. Kanbrick will provide a complete copy of the Code to any actual client or prospective client upon request sent to the Chief Compliance Officer ("**CCO**"), Brian Humphrey at [bhumphrey@kanbrick.com](mailto:bhumphrey@kanbrick.com).

### **B. Participation or Interest in Client Transactions**

Certain employees and affiliates of the Firm, in certain instances, invest in and alongside the Partnership through the General Partner. The Partnership or its General Partner, as applicable, may reduce all or a portion of the Management Fee and Carried Interest related to investments held by such persons. For further details regarding these arrangements, as well as conflicts of interest presented by them, please see "*Other Potential Conflicts of Interest*" immediately below.

Due in part to the fact that potential investors in the Partnership (including purchasers of an investor's interests in a secondary transaction) or a co-investment opportunity (see below) may ask different questions and request different information, the Firm may provide certain information to one or more prospective investors that it does not provide to all prospective or actual investors in the Partnership.

### C. Conflicts of Interest

From time to time, subject to the applicable Advisory Agreements of a Partnership, the Firm and its related entities engage in a broad range of activities, including investment activities for their own account and for the account of other Partnerships, and providing transaction-related, investment advisory, management and other services to Partnerships and Portfolio Companies. In the ordinary course of conducting its activities, the interests of a Partnership will, from time-to-time conflict with the interests of the Firm, other Partnerships or their respective affiliates. Certain of these conflicts of interest, as well as a description of how the Firm addresses such conflicts of interest, can be found below, as well as in the Advisory Agreements and other Offering Documents of the Partnerships.

#### *Resolution of Conflicts*

In the case of all conflicts of interest, the Firm's determination as to which factors are relevant, and the resolution of such conflicts, will be made using the Firm's best judgment, but in its sole discretion. In resolving conflicts, the Firm will consider various factors, including the interests of the applicable Partnerships with respect to the immediate issue or with respect to their longer-term courses of dealing. Certain procedures for resolving specific conflicts of interest are set forth below. When conflicts arise, the following factors generally mitigate, but will not eliminate, conflicts of interest:

- (1) A Partnership will not make an investment unless the Firm believes that such investment is an appropriate investment considered from the viewpoint of such Partnership;
- (2) Many important conflicts of interest will generally be resolved by set procedures, restrictions or other provisions contained in the Advisory Agreements for the Partnerships;
- (3) The Firm may consult with the Advisory Committee of a Partnership as to certain potential conflicts of interest, and on any issue involving actual conflicts of interest the Firm will be guided by its good faith discretion;
- (4) The Firm has established certain committees for the purpose of addressing and advising with respect to certain conflicts of interest;
- (5) Where the Firm deems appropriate, unaffiliated third parties may be used to help resolve conflicts, such as the use of an investment banker to opine as to the fairness of a purchase or sale price; and
- (6) Prior to subscribing for interests in a Partnership, each investor receives information relating to significant potential conflicts of interest arising from the proposed activities of such Partnership, including in its Advisory Agreements (e.g., the "LPA") and other Offering Documents (e.g., the "PPM" or "Disclosures Memorandum").



More detailed procedures for resolving specific conflicts of interest are set forth in the Advisory Agreements of the applicable Partnership and certain provisions of a Partnership's Advisory Agreements are designed to protect the interests of investors in situations where conflicts may exist, although these provisions do not eliminate such conflicts. In certain instances, some of such conflicts of interest may be resolved in a manner adverse to a Partnership and its ability to achieve its investment objectives.

### *Conflicts*

The material conflicts of interest encountered by a Partnership include those discussed below, although the discussion below does not necessarily describe all of the conflicts that may be faced by a Partnership. A Partnership's Advisory Agreement contains a number of detailed provisions designed to address actual and potential conflicts of interest and other activities and considerations which may affect the Firm's business and strategy. The Advisory Agreements, however, cannot and do not fully anticipate and address all situations, developments, scenarios, investment opportunities, investment considerations and investment structures as the foregoing can vary on a case-by-case basis depending on a variety of facts and circumstances. While the disclosures in this Brochure are not intended to be exhaustive, they are an attempt to provide further disclosure, transparency, visibility and understanding of the Firm's business and strategy and certain potential conflicts of interest that may arise in connection with the Partnership. Other conflicts may be disclosed in the Advisory Agreements and other Offering Documents of a Partnership and throughout this Brochure. This Brochure should be read in its entirety for other conflicts.

### *Allocation of Investment Opportunities Among Clients*

In connection with its investment activities, the Firm may encounter situations in which it must determine how to allocate investment opportunities among various clients and other persons, which may include, but are not limited to, the following:

- The Partnership;
- Co-Investors or personnel of Kanbrick that wish to make direct investments (i.e., not through an investment vehicle) side-by-side with one or more Partnership in particular transactions entered into by such Partnership(s); and
- Other third parties acting as "co-sponsors" with the Firm with respect to a particular transaction.

The Partnership is generally subject to provisions in their respective Advisory Agreements that prescribe what a Partnership may invest in (collectively, "**Investment Allocation Requirements**"), which will also apply directly or indirectly to the Partnership or co-investment vehicles with investments contractually tied to such Partnership. To the extent the Investment Allocation Requirements of the Partnership do not include specific allocation procedures or allow the Firm discretion in making allocation decisions among the Partnership, the Firm will follow the process set forth below.

The Firm must first determine which Partnership is eligible to participate in an investment

opportunity. The Firm assesses whether an investment opportunity is appropriate for a particular Partnership(s), based on the Partnership's investment objectives, strategies, and structure. The Partnership's investment objectives, strategies, and structure typically are reflected in the Partnership's Advisory Agreements and other Offering Documents. Prior to making any allocation to the Partnership of an investment opportunity, the Firm determines what additional factors may restrict or limit the offering of an investment opportunity to the Partnership(s). Possible restrictions include, but are not limited to:

- **Obligation to Offer:** the Firm may be required to offer an investment opportunity to one or more Partnerships. This obligation to offer investment opportunities will generally be set forth in a Partnership's Advisory Agreements.
- **Related Investments:** the Firm may offer an investment opportunity related to an investment previously made by a Partnership(s) to such Partnership(s) to the exclusion of, or resulting in a limited offering to, other Partnerships.
- **Legal and Regulatory Exclusions:** the Firm may determine that certain Partnerships or investors in such Partnerships should be excluded from an allocation due to specific legal, regulatory, and contractual restrictions placed on the participation of such persons in certain types of investment opportunities.

#### *Cross-Transactions*

In certain cases, the Firm and its affiliates will, from time to time, cause a Partnership to purchase investments from another Partnership, or it will cause a Partnership to sell investments to another Partnership. Such transactions create conflicts of interest because, by not exposing such buy and sell transactions to market forces, a Partnership may not receive the best price otherwise possible, or the Firm or its affiliates might have an incentive to improve the performance of one Partnership by selling underperforming assets to another Partnership, for example, to earn fees or increase Carried Interest payable to the Firm or its affiliates. Except for any such transactions contemplated and governed by the Advisory Agreements of a Partnership, any such transaction involving a purchase or sale by a Partnership from or to another Partnership either would be on arm's-length terms and would be subject to the approval of the applicable "Advisory Committees".

The Firm has established certain policies relating to cross transactions, including that appropriate disclosures be made to the applicable Partnership(s) regarding any proposed cross transactions.

#### *Principal Transactions*

Section 206 under the Investment Advisers Act of 1940, as amended (the "**Advisers Act**") regulates principal transactions among an investment adviser and its affiliates, on the one hand, and the clients thereof, on the other hand. Generally, if an investment adviser or an affiliate thereof proposes to purchase a security from, or sell a security to, a client (what is commonly referred to as a "principal transaction"), the adviser must make certain disclosures to the client of the terms of the proposed transaction and obtain the client's consent to the transaction. In connection with the Firm's management of the Partnership, the Firm and its affiliates may engage in principal transactions. The Firm has established certain policies and procedures designed to comply with the requirements of

the Advisers Act as they relate to principal transactions, including that disclosures required by Section 206 of the Advisers Act be made to the applicable Partnership(s) regarding any proposed principal transactions, and that the Partnership receives any advance consent to the transaction prior to consummating such a transaction.

### *Management of the Partnership*

The Firm and its affiliates engage in a broad range of business activities and manage a number of Partnerships that may have investment objectives similar to each other. The performance and operation of such competing businesses could conflict with and adversely affect the performance and operation of the Portfolio Companies, and may adversely affect the prices and availability of business opportunities or transactions available to these Portfolio Companies. In addition, subject to any restrictions set forth in the Partnership's Advisory Agreements, the Firm expects that it, its affiliates or their respective personnel will in the future establish one or more additional investment Partnerships (including Partnerships which may be competitive with the Partnership) with investment objectives substantially similar to, or different from, those of the current Partnership. Allocation of available investment opportunities between the Partnership and any such investment Partnership could give rise to conflicts of interest. See "*Allocation of Investment Opportunities Among Clients*" above. The Firm or its affiliates may give advice, or take actions with respect to, the investments of one or more Partnership that may not be given or taken with respect to other Partnerships with similar investment programs, objectives, or strategies. As a result, Partnership with similar strategies may not hold the same securities or achieve the same performance. In addition, the Partnership may not be able to invest through the same investment vehicles, have access to similar credit, or utilize similar investment strategies as another Partnership. These differences may result in variations with respect to price, leverage, and associated costs of a particular investment opportunity. The Firm may, from time to time, consider and reject an investment opportunity on behalf of one Partnership and the Firm or an affiliate of the Firm may subsequently determine to have another Partnership make an investment in the same company or investment opportunity. A conflict of interest arises because one Partnership will, in such circumstances, benefit from the initial evaluation, investigation and due diligence undertaken by the Firm on behalf of the original Partnership considering the investment. In such circumstances the benefitting Partnership or Partnerships may not be required to reimburse the original Partnership for expenses incurred in connection with researching such investment.

In addition, the Firm receives and generates various kinds of Portfolio Company data and other information, including data and information related to financial, industry, market, business operations, trends, budgets, customers, suppliers, competitors, and other metrics. This information may, in certain instances, include material non-public information received or generated in connection with efforts on behalf of one Partnership's investment (or prospective investment) in a Portfolio Company. As a result, the Firm is better able to anticipate macroeconomic and other trends, and otherwise develop investment strategies. The Firm has in the past and is likely to in the future enter into information sharing and confidentiality arrangements with Portfolio Companies and other sources of information that may limit the internal distribution and use of such data. The Firm has already and is likely in the future in certain instances to use this information in a manner that may provide a material benefit to the Firm, its affiliates, or to certain other Partnerships without compensating or otherwise benefitting the Partnership or Partnerships that hold interests in

the companies from which such information was obtained. In addition, the Firm may have an incentive to pursue investments in Portfolio Companies based on the data and information expected to be received or generated. The Firm has in the past and is likely in the future to utilize such information to benefit the Firm, its affiliates, or certain Partnerships in a manner that may otherwise present a conflict of interest but does not intend to specifically disclose such conflicts to the relevant Partnership.

### *Operating Advisors*

In furtherance of the investment activities of its Partnership, the Firm spends a considerable amount of time sourcing prospective investments and maintaining a vast outreach program connecting it to countless businesses that may fit the investment strategy of the Partnership. These activities taken on behalf of the Partnership may be augmented by one or more Operating Advisors. As noted in Item 5, Operating Advisors will generally assist the Firm on various matters related to the Partnership or an actual or prospective Portfolio Company of the Partnership, including sourcing investments, conducting due diligence, facilitating transaction execution, overseeing the Partnership investment and providing services to the Partnership and/or its actual or prospective Portfolio Companies.

An Operating Adviser's expenses, fees and compensation ("**OA Expenses**") may include one or more of the following: (i) consulting fees; (ii) Firm salary and benefits; (iii) Portfolio Company salaries and benefits; (iv) equity grants (including options, restricted stock or other securities) issued by a Portfolio Company; and/or (v) access to co-investment in a Portfolio Company Kanbrick. Subject to each Partnership's Advisory Agreements, all of the foregoing items and all other OA Expenses will be borne directly or indirectly by one or more of the Partnership and Portfolio Companies to which an Operating Adviser's activities relate, including by way of reimbursement to the Firm of any payments it has previously made to an Operating Adviser. The Firm will only bear OA Expenses that relate to an Operating Adviser to the extent not permissible by the Partnership's Advisory Agreements and such OA Expenses are not otherwise borne by an actual or prospective Portfolio Company. As noted in Item 5, OA Expenses borne by a Portfolio Company (e.g., compensation to an Operating Adviser or reimbursement to the Firm of amounts previously paid to an Operating Adviser) will not reduce the Management Fees payable by the Partnership to the Firm.

In addition to the above OA Expenses, an Operating Adviser may incur expenses (such as Broken-Deal Costs) or liabilities (such as a lawsuit) in connection with its activities taken on behalf of a Partnership that would constitute expenses of the Partnership if undertaken directly by the Firm. Any such expenses and liabilities shall be borne by the Partnership (including indemnification expenses) unless it would not be permissible under such Partnership's Advisory Agreements.

## **ITEM 12. BROKERAGE PRACTICES**

- A. Kanbrick will provide investment advice to the Partnership primarily with regards to private equity related investments. As such, the Firm's transactions on behalf of the Partnership are normally privately negotiated and may not involve the use of a broker or dealer for the execution of Partnership transactions. In those cases, the Firm will seek to negotiate and execute transactions in an efficient manner and consistent with its fiduciary duties to the Partnership. Due to the nature of the Firm's investment advice and relationship with the Partnership, Kanbrick does not expect to recommend or select broker-dealers for transactions in the Partnership. In rare cases where the Firm determines to utilize a broker or a dealer to transact on behalf of the Partnership, the Firm shall evaluate such broker or dealer based on a range of factors, including without limitation commission price, willingness to commit capital, ability to execute the desired transaction and other factors. As a fiduciary, Kanbrick must execute securities transactions in such a manner that the Partnership's total cost or proceeds in each transaction is the most favorable under the circumstances. The determinative factor is whether the transaction represents the best qualitative execution for the account and not whether the lowest possible commission cost was obtained. Thus, the Firm will consider the full range and quality of a broker's service in selecting or recommending brokers to meet best execution obligations, including the ability to access or otherwise execute large transactions in the public market. Kanbrick may not pay the lowest commission rate available. As a starting point, though, the primary consideration is the trade price and commission quoted by the broker-dealers.
- B. As noted above, the investment advisory services provided by the Firm to the Partnership will generally be in relation to private equity related investments, for which the aggregation of orders is not applicable.

### ITEM 13. REVIEW OF ACCOUNTS

- A. The Partnerships' Portfolio Companies are continually monitored and reviewed by the investment committee. The Investment Committee will be responsible for, among other things, reviewing the Portfolio Companies in the context of the Partnership's stated objectives and monitoring for portfolio and risk management.
- B. More frequent reviews may be triggered by material changes in key variables that may affect the performance of the Portfolio Companies, including, without limitation, changes in the financial markets, activity, and trends in the political or economic environment, as well as the specific circumstances affecting the Partnerships.
- C. Audited financial statements are provided to investors in the Partnerships, within 120 days of the end of each Partnership's fiscal year as required by Rule 206(4)-2 under the Advisers Act (the "**Custody Rule**"). Additional reporting may be provided to investors of a particular Partnership pursuant to such Partnership's Advisory Agreements.

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

- A. Kanbrick, its affiliates and employees do not receive an economic benefit from anyone, other than its Partnerships, for providing investment advice or other advisory services to the Partnerships.
- B. Kanbrick and certain Partnerships may enter into third party marketing arrangements with respect to the sale of interests in the Partnerships. Such third-party placement agents would typically be compensated with a portion of the Firm's management fee payable with respect to the relevant Partnership, at no incremental cost to the investors in the Partnership. Any placement fees paid by the Partnerships would therefore be fully deducted from the management fee and thereby fully repaid to the appropriate Partnership during the period following the initial drawdown date of each Partnership. Investors would not incur additional fees as a result of these arrangements. However, at this time, Kanbrick is not involved in one of the aforementioned arrangements.

## ITEM 15. CUSTODY

Kanbrick is deemed to have custody of the assets of each Partnership because it or an affiliate serves as each Partnership's General Partner. Kanbrick and/or such General Partner can withdraw a Partnership's cash and/or securities held with a custodian upon Kanbrick and/or such General Partner's instruction to the custodian. Therefore, Kanbrick is subject to the Custody Rule.

In accordance with the Custody Rule, the Firm adheres to the applicable requirements of the Custody Rule with respect to the Partnerships' assets. The CCO ensures that all privately offered securities, not held at a qualified custodian, do not violate the "Private Security Exemption" provided in the Custody Rule; so long as such securities are (i) acquired from the issuer in a transaction not involving any public offering, (ii) uncertificated (with ownership recorded only on the books of the issuer or its transfer agent in the name of each Partnership), and (iii) transferable only with prior consent of the issuer or holders of the outstanding securities of the issuer. The Firm is responsible for arranging for annual independent audits of the Partnerships by an accounting firm, registered with and subject to inspection by the Public Company Accounting Oversight Board within 120 days of the Partnerships' fiscal year end, and for obtaining audited financial statements prepared in accordance with Generally Accepted Accounting Principles. The Firm arranges for the delivery of such audited financial statements to investors of the Partnerships within 120 days of the Partnerships' fiscal year end.



## **ITEM 16. INVESTMENT DISCRETION**

Kanbrick accepts discretionary authority to manage assets and securities on behalf of its Partnerships through the investment management agreement with the Partnerships. The investors generally do not have the ability to place any limits on Kanbrick's authority beyond the limitations set forth in the Advisory Agreements and Offering Documents of the applicable Partnership. As of the date of this Brochure, Kanbrick does not manage any client assets on a non-discretionary basis.

## ITEM 17. VOTING CLIENT SECURITIES

- A. While the securities evidencing the investments made by the Partnerships are not typically the subject of proxies, there could be certain circumstances where Kanbrick, having discretionary authority over the accounts of the Partnerships, may be asked to vote the securities of such Partnerships on restructuring or other corporate matters. Kanbrick has adopted a proxy voting policy as required by the Advisers Act. While unlikely, the Firm's investment strategy may involve the acquisition of publicly traded securities with voting authority, and as such, the Partnerships may be placed in a position of proxy voting authority. If Partnerships do come into possession of securities with proxy voting rights, the Firm may have the authority to vote proxies and will do so in sole judgement and in the best interest of its Partnerships. To the extent Kanbrick receives proxy voting authority, the Firm generally believes that company management is best suited to make the decisions that are essential to the ongoing operation of the company. Therefore, Kanbrick will generally vote proxies in line with company management. However, under circumstances where the Firm believes that company management's proposal will not maximize value for the Firm's Partnerships, Kanbrick will vote against company management. Kanbrick's proxy voting policy includes guidelines for voting against company proposals as well as guidance for situations where a proxy vote may present a conflict of interest to ensure that such conflict is resolved in the best interest of the Partnerships. Partnerships may obtain information about how proxies were voted or a copy of the Firm's proxy voting policy by contacting the CCO, Brian Humphrey, at [bhumphrey@kanbrick.com](mailto:bhumphrey@kanbrick.com).
- B. Not Applicable

**ITEM 18. FINANCIAL INFORMATION**

- A. Kanbrick does not require or solicit prepayment of more than \$1,200 in fees per Partnership, six months or more in advance and therefore has not included a balance sheet.
- B. Kanbrick does not believe that there are any conditions that are reasonably likely to impair its ability to meet contractual commitments to the Partnership.
- C. Kanbrick has never been the subject of a bankruptcy petition.