



Macquarie Funds Management (USA) Inc.

ADV Part 2A – Firm Brochure

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This brochure provides information about the qualifications and business practices of Macquarie Funds Management (USA) Inc. If you have any questions about the contents of this brochure, please contact us at 212-231-1000 or laura.martin@macquarie.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Macquarie Funds Management (USA) Inc. is also available on the SEC's website at www.adviserinfo.sec.gov.

Referring to Macquarie Funds Management (USA) Inc. as a registered investment adviser does not imply a certain level of skill or training of its officers.

Item 2: Material Changes

The following material updates were made since the previous update to this brochure, which was on June 28, 2011:

- Acquisition of Macquarie Generation Fund II, L.P.
- Addition of Portfolio Manager Brad Mytton.

Item 3: Table of Contents

	<u>Page</u>
Item 1: Cover Page	1
Item 2: Material Changes	2
Item 3: Table of Contents.....	3
Item 4: Advisory Business	4
Item 5: Fees and Compensation	4
Item 6: Performance-Based Fees and Side-by-Side Management	5
Item 7: Types of Clients	6
Item 8: Methods of Analysis, Investment Strategies and Risk of Loss.....	6
Item 9: Disciplinary Information.....	9
Item 10: Other Financial Industry Activities and Affiliations	9
Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	11
Item 12: Brokerage Practices	15
Item 13: Review of Accounts.....	16
Item 14: Client Referrals and Other Compensation	17
Item 15: Custody	17
Item 16: Investment Discretion	17
Item 17: Voting Client Securities.....	17
Item 18: Financial Information.....	18

Item 4: Advisory Business

A. Advisory Firm

Macquarie Funds Management (USA) Inc. (“MFMUSA”) is an indirect wholly owned subsidiary of Macquarie Group Limited (“Macquarie”), a publicly listed company in Australia (ASX: MQG). MFMUSA was formed on November 7, 2005 and became registered with the U.S. Securities and Exchange Commission as an investment adviser on March 9, 2006.

B. Advisory Services Offered

MFMUSA provides private equity portfolio management and investment advisory services for institutional clients in the United States and elsewhere. Such services may be provided in connection with separately managed accounts or pooled private equity funds, such as limited partnerships.

C. Tailored Advisory Services

MFMUSA tailors private equity advisory services to the needs of its clients. Customization is achieved through educating clients, discussing and agreeing upon their investment goals, and drafting a portfolio plan. Clients are able to impose restrictions with regards to investment activities.

D. Wrap Fee Programs

MFMUSA does not participate in any wrap fee programs.

E. Assets Under Management

As of March 31, 2012, MFMUSA managed \$1,328,000,000 in client assets on a discretionary basis and \$0 in client assets on a non-discretionary basis.

Item 5: Fees and Compensation

A. Compensation

MFMUSA does not have a basic fee schedule. Fee rates are negotiable and may vary depending on a number of factors, including the size and nature of the mandate and the nature of the services provided. Fees may comprise management fees or investment advisory fees (either a fixed dollar amount or a percentage of gross or net assets under management) and performance fees. The specific fee arrangements, including the amount, timing, and basis of calculation is determined through negotiations with the client and documented in written agreements.

B. Payment of Fees

For separately managed accounts, clients may be invoiced separately with payment made separately by the client or by making a capital call. For pooled investment vehicles, management fees are generally deducted from distributions or cash in the account or a separate capital call notice is issued for the payment of management fees. In either case, fees are deducted quarterly.

C. Other Fees

Clients may incur custody expenses, audit expenses, taxes, bank charges, expenses related to the due diligence of investments, including legal and tax advice, and, with respect to new funds, establishment expenses. MFMUSA's clients do not generally incur brokerage costs due to the nature of private equity investments. Please refer to Item 12 for further details on brokerage.

D. Payment of Fees in Advance

The time at which fees are payable is negotiated with the client. In general, management fees are payable quarterly in advance or in arrears. Performance fees are payable on profitable realization of investments. The written agreement with the client generally provides that the client may terminate the agreement under specific circumstances without the payment of any penalty, upon giving notice to MFMUSA. Certain clients of MFMUSA pay investment management fees in advance. If the investment management agreement is terminated early, MFMUSA will refund any unearned fee.

E. Compensation for Sale of Securities or Other Investment Products

None of MFMUSA's supervised persons accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

Item 6: Performance-Based Fees and Side-by-Side Management

MFMUSA does charge performance-based fees on certain of its accounts. MFMUSA Access Persons may manage accounts that are charged a performance-based fee and accounts that are charged another type of fee. Performance based fees have the potential to cause a conflict of interest by creating an incentive to favor accounts charging such fees over accounts charging asset-based fees. MFMUSA's allocation policies address such potential conflicts of interest by prohibiting the Portfolio Manager from unfairly favoring one account over another. From time to time MFMUSA may manage accounts whose investment interests may materially differ from one another. In such instances, MFMUSA will comply with the Macquarie Group Conflicts of Interest policy to ensure that all clients are treated fairly. Conflicts of interest also arise in the deal allocation process. MFMUSA has a deal allocation procedure whereby a deal is either allocated or split between clients pro rata based on their individual portfolio plan and the

remaining requirements of that portfolio plan. These policies apply equally to accounts that charge asset-based fees and those that are charged performance-based fees.

Item 7: Types of Clients

MFUSA's clients include pension and profit sharing plans, trusts, estates and/or charitable organizations and other corporations or business entities. MFUSA's clients may also include governments, government agencies, international organizations, educational institutions and private equity funds or other pooled investment vehicles that are exempt from the definition of an investment company under the Investment Company Act of 1940. MFUSA's clients also include foreign companies or entities, some of which may be related persons of MFUSA.

MFUSA generally requires a minimum initial investment of \$50 million from its clients to establish a separately managed account. Additionally, MFUSA and its clients may impose a minimum dollar value of assets or other conditions for their underlying investors, such as conditions imposed by applicable regulations.

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

A. Methods of Analysis and Investment Strategies

MFUSA's private equity deal analysis involves due diligence on the team, strategy, and track record of the private equity manager being considered. In addition, specific deal analysis is done where appropriate; this includes, but is not limited to, financial analysis, growth projections, management team, exit considerations, and market conditions.

MFUSA's methods of analysis include fundamental, technical and cyclical. MFUSA utilizes various information to evaluate the investment merits of particular investments, including private placement memoranda, independent analysis, market research and any other due diligence materials appropriate for the nature of the prospective investment.

Investing in private equity involves the risk of loss of capital that clients should be prepared to bear. MFUSA ensures that clients are aware of all risks involved prior to executing a portfolio plan for a client.

B. Material Risks

The material risks relating to the foregoing investment strategies and/or securities may include the following:

Currency and Exchange Rate Risks: MFUSA does not hedge against currency fluctuations. The value of an account's investments may be negatively affected by changes in foreign currency exchange rates.

Liquidity Risk: Private equity is a long term investment. MFMUSA's accounts' investments and their underlying investments are usually not liquid and most are not listed on a stock exchange, which means it is difficult for MFMUSA or the underlying managers to sell those investments quickly or at an attractive price.

Financial/Leverage Risk: Certain investments made by MFMUSA will involve leverage. The value of MFMUSA's equity investment in a portfolio company with a leveraged capital structure, or in an investment that invests in a portfolio company with a leveraged capital structure, could be significantly reduced or eliminated if the portfolio company is unable to generate sufficient cash flow to meet principal and interest payments on its indebtedness.

Concentration Risk: Investments that are concentrated in a particular issuer, geographic region, or sector may make an account's value more susceptible to the events or conditions impacting the issuer, geographic region, or sector.

Vintage Year Risk: In any given year there are only a limited number of offerings that could be considered blue chip. Each year produces different return characteristics.

Risk Due to Long Lead Time to Investments: Typically private equity investment funds may take several years to become fully invested; thus, it may take several years for the underlying investments to generate returns. This may mean that a client's portfolio operates at a loss for some period, and hence an investment in a MFMUSA portfolio should be considered a long-term investment.

Exit Risk: Weak capital market conditions reduce opportunities for IPOs that allow private equity managers to exit their investment holdings, and may generally affect secondary market values for investments. This may limit the ability of MFMUSA and the portfolios to profitably sell their investments and can adversely affect the return to investors.

Valuation Risk: Determining accurate valuations of investments made by MFMUSA's portfolios may be difficult due to the nature of the proposed investments and their relative illiquidity.

Credit Risk: There is a risk that the value of any debt instruments into which the portfolios may be invested may fall due to changes in the perceived creditworthiness of the issuing entity.

Reliance on Portfolio Company Management Risk: Within each underlying investment in the portfolios it is usually the case that each portfolio company's day-to-day operations will be the responsibility of such company's management team. There can be no assurance that the existing management team, or any successor, will be able to achieve favorable results for the portfolio company or operate a portfolio company in accordance with each of the portfolio's plans and/or objectives.

Unlisted Companies Risk: Unlisted companies of the sort in which MFMUSA and its portfolios' investments will invest are generally riskier than listed companies, are smaller, and are more vulnerable to change in markets and technology. The portfolios and portfolio investments may

not be able to sell or otherwise dispose of an investment at an attractive price, may otherwise be unable to complete an exit strategy, or may be prohibited by contract from selling investments for a period of time or may be otherwise restricted from disposing of them.

Market Risk: All the strategies have market risk, which is the risk that the market value of a security or financial instrument will fluctuate, sometimes rapidly and unpredictably. These fluctuations may cause a security or financial instrument to be worth less than it was at the time of purchase.

MFMUSA's primary strategy does not involve frequent trading.

Each product's respective offering documents contain a full discussion of potential risks specific to that particular product.

C. Materials Risks of Particular Securities

Material risks of particular types of investments employed in the foregoing investment strategies may include:

Clean Technology Sector Risk: Clean Technology-related businesses are subject to a variety of factors that may adversely affect their business or operations including competition from fossil fuels and other non-renewable energy resources, demand, limited investment opportunities, environmental regulations and laws, effects of ongoing changes in the utility industry, uncertainty of the renewable energy market, change in federal and state support for renewable energy and change in support from US and non-US governments, high capital costs, weather and climate conditions, construction risks and other factors.

Infrastructure-related Companies Risk: Infrastructure-related businesses are subject to a variety of factors that may adversely affect their business or operations including high interest costs in connection with capital construction programs, costs associated with environmental and other regulations, the effects of economic slowdown and surplus capacity, increased competition, uncertainties concerning availability of fuel at reasonable prices, the effects of energy conservation policies, geographic or market concentration, and other factors.

Co-Investments Risk: Co-Investments may involve higher risk than investing in private equity funds, due to factors such as the lack of diversification within the investment, the potential for complex transaction structures, valuation issues, and the limited secondary market for such transactions.

Risks of Venture Capital and Technology-Related Investments: MF MUSA's portfolios' investments may invest in portfolio companies that are at a conceptual or early stage of development or that may have little or no operating history, may offer services or products that are not yet developed or ready to be marketed or that have no established market, may be operating at a loss or have significant fluctuations in operating results, may be engaged in a rapidly changing business, and may need substantial additional capital to set up infrastructure, hire management and personnel, develop product prototypes, support expansion or achieve or maintain a competitive position. Such companies may face intense competition, including

competition from companies with greater financial resources, more extensive development, manufacturing, marketing and service capabilities and a larger number of qualified managerial and technical personnel.

Item 9: Disciplinary Information

A. Criminal or Civil Action

There are no such actions with respect to MFMUSA or any of its management persons that are material to a client's or prospective client's evaluation of MFMUSA's advisory business or the integrity of its management.

B. Administrative Proceedings before a Regulatory Agency

There are no such proceedings with respect to MFMUSA or any of its management persons that are material to a client's or prospective client's evaluation of MFMUSA's advisory business or the integrity of its management.

C. Self-Regulatory Agency Proceedings

There are no such proceedings with respect to MFMUSA or any of its management persons that are material to a client's or prospective client's evaluation of MFMUSA's advisory business or the integrity of its management.

Item 10: Other Financial Industry Activities and Affiliations

A. Broker-Dealer Registrations

No management persons of MFMUSA are registered with a broker-dealer; however, other Access Persons of MFMUSA may be registered with a broker-dealer.

B. Other Registrations

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

C. Affiliations or Relationships Material to Advisory Business

Broker-dealer

MFMUSA's related parties include Macquarie Capital (USA) Inc., an SEC registered broker-dealer that may offer interests in the pooled investment vehicles that it sponsors and/or advises. Management persons and/or Access Persons of MFMUSA may also be associated with Macquarie Capital (USA) Inc., as discussed in Item 10.A.

Pooled Investment Vehicles

MFUSA's advises and sub-advises pooled investment vehicles that may be considered "hedge funds" or offshore funds. They are as follows:

- Macquarie Clean Technology Fund, LP and Macquarie Clean Technology Offshore Fund, LP
- Macquarie Clean Technology Fund II, LP and Macquarie Clean Technology Offshore Fund II, LP
- Macquarie Generation Fund I, L.P.
- Macquarie Generation Fund II, L.P.
- Macquarie HiTIP Fund I, L.P.
- Macquarie Infrastructure Fund of Funds I, LP and Macquarie Infrastructure Offshore Fund of Funds I, LP
- Macquarie NM Fund I, L.P.
- Macquarie NM Fund II, L.P.
- Macquarie PA TAP Fund I, L.P.

Other Investment Advisers

MFUSA is part of Macquarie Funds Group, a business division of the Macquarie Group. Macquarie Funds Group's global private equity advisory business comprises investment professionals located in the USA (operating through MFUSA), Australia (operating through Macquarie Investment Management Limited, an SEC registered investment adviser), in the United Kingdom (operating through Macquarie Bank International Limited, and through Macquarie Investment Services Limited) and in Hong Kong (operating through Macquarie Funds Management Hong Kong Limited). MFUSA may provide investment advisory services to these affiliated investment advisers or may engage these entities as sub-advisers to funds it manages.

Banking or Thrift Institution

MFUSA is an indirectly wholly owned subsidiary of Macquarie Bank Limited ("MBL"), an Australian banking institution. MBL is wholly owned by Macquarie Group Limited ("MGL"), an Australian financial institution, and MFUSA's ultimate parent company.

Sponsor or Syndicator of Limited Partnerships

MFUSA or entities controlled by or under common control with MFUSA serve as general partners in limited partnerships; however, MFUSA clients are not solicited to investment in these limited partnerships. MGL, the ultimate parent of MFUSA, controls other US and non-US related persons that may serve as a general partner in a partnership in which clients are solicited.

MFUSA or entities controlled by or under common control with MFUSA are the general partner for the below listed limited partnerships that MFUSA advises:

- Macquarie Generation Fund I, L.P.
- Macquarie Generation Fund II, L.P.

- Macquarie HiTIP Fund I, LP
- Macquarie NM Fund I, LP
- Macquarie NM Fund II, LP
- Macquarie PA TAP Fund, LP

Please refer to Item 11 for a full discussion of any conflicts of interest these relationships may raise and how they are addressed.

D. Recommending Other Investment Advisers for Compensation

MFMUSA does not recommend or select other investment advisers for its clients where it receives compensation directly or indirectly from those advisers. However, MFMUSA may enter into sub-advisory relationships with other investment advisers, including affiliates of MFMUSA.

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

A. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

MFMUSA's Code of Ethics ("Code") imposes restrictions on the ability of its employees and their supervised persons who are "Access Persons" as defined in the Investment Advisers Act to invest in securities that may be recommended or traded in MFMUSA client accounts. The Code currently applies to most securities transactions (including transactions in equity or debt securities, municipal bonds, exchange-traded securities, securities indices, derivatives of securities and similar instruments) and mutual fund transactions (including transactions in closed end mutual funds, excluding money market funds, open-end mutual funds and other mutual funds specifically designed for short-term investment).

Pursuant to the Code and MGL's personal dealing policy, Access Persons are required to pre-clear all of their personal securities transactions in securities that are not exempt from MGL's personal dealing policy. Access Persons must also receive prior approval before purchasing any securities in a private placement or pursuant to an initial public offering.

Access Persons are subject to a 14-day holding period between purchases and sales in the same securities and mutual funds with certain exceptions (such as transactions in mutual funds subject to periodic purchase plans and other exceptions specifically granted by MFMUSA Compliance).

All Access Persons are subject to reporting obligations, including filing a quarterly personal securities transaction report (which provides information with regard to all securities and mutual fund transactions that are required to be reported, if any, effected during the previous quarter for their own accounts and any accounts over which they have direct or indirect beneficial interest, influence and/or control). Access Persons are also required to disclose their

securities and mutual fund accounts to MFMUSA upon hire and annually confirm the information.

Further, MFMUSA Access Persons are also subject to additional approval procedures, restrictions and reporting requirements with respect to serving on a board of a publicly traded company, engaging in certain other outside activities that may conflict with MFMUSA's obligations to its clients, giving or receiving gifts and entertainment and making political contributions.

Any Access Person who violates the Code may be subject to disciplinary actions, including possible dismissal. In addition, any securities transactions executed in violation of the Code, such as short-term trading or trading during blackout periods, may subject the Access Person to sanctions, ranging from warnings and trading privilege suspensions to financial penalties, including but not limited to, unwinding the trade and/or disgorging the profits as well as additional disciplinary action. Violations and suspected violations of criminal laws will be reported to the appropriate authorities as required by applicable laws and regulations.

MFMUSA's clients and/or prospective clients may obtain a copy of its Code of Ethics upon request by calling their client service representative.

B., C. & D. Potential Conflicts of Interest

As discussed above, MFMUSA's ultimate parent is MGL, a multi-national financial services company. Therefore, MFMUSA is affiliated with a number of entities that may provide, and/or may engage in commercial banking, insurance, brokerage, investment banking, financial advisory, broker-dealer activities (including sales and trading), hedge funds, real estate and private equity investing, in addition to the provision of investment management services to institutional and individual investors. Since MGL, its affiliates, directors, officers, and employees (the "Macquarie Group") are engaged in businesses and have interests other than managing asset management accounts, such other activities may involve real, potential or apparent conflicts of interests. These interests and activities include potential advisory, transactional and financial activities and other interests in securities and companies that may be directly or indirectly purchased or sold by MFMUSA for its clients' advisory accounts. These are considerations of which advisory clients should be aware and which may cause conflicts that could be to the disadvantage of MFMUSA's advisory clients. Present and future activities of the Macquarie Group, in addition to those described herein, may also result in conflicts of interest that may be disadvantageous to MFMUSA's clients.

MFMUSA has established policies, procedures and disclosures designed to address conflicts of interest arising between advisory accounts and the Macquarie Group's businesses. It is MFMUSA's policy that MFMUSA personnel involved in decision making for advisory accounts must act in the best interests of their advisory clients and generally without knowledge of the interests of proprietary trading and other operations of the Macquarie Group and/or personnel of the Macquarie Group. Where advisory personnel do know of conflicts or potential conflicts among advisory accounts or between advisory accounts and the Macquarie Group and/or personnel of the Macquarie Group, it is MFMUSA's policy to disclose the

existence of such conflicts or potential conflicts in general form through this Form ADV or directly to clients.

MFUSA (i) has related parties that may act as principal, broker or agent in connection with securities transactions with or for clients; (ii) may recommend that clients buy or sell securities in which MFUSA or another affiliate has a financial interest; and (iii) may buy and sell for its own account securities that it recommends to clients.

MFUSA may enter into arrangements with affiliates and third party service providers to perform various administrative, back-office and other services relating to client accounts. Such service providers may be located in the US or in non-US jurisdictions.

MFUSA acts as a fiduciary with respect to its asset management activities and owes its clients a duty of undivided loyalty. As a fiduciary, MFUSA is required to act solely in the best interests of the clients whose assets it manages.

On occasion, other entities within the Macquarie Group may have engagements and responsibilities which could give the appearance of a conflict with MFUSA's duty of loyalty. To minimize these conflicts, as a general matter, MFUSA employees associated with the investment process (including portfolio managers and research analysts) have no contact with employees of the Macquarie Group outside of MFUSA regarding specific clients, business matters or initiatives, unless permissible by internal procedures, or approved by MFUSA Compliance.

The Macquarie Group is a major participant in global financial markets and it acts as an investor, investment banker, investment manager, financier, advisor, market maker, trader, lender, agent and principal in the global fixed income, currency, commodity, equity and other markets in which MFUSA's advisory accounts may directly and indirectly invest. As permitted by, and in conformity with applicable laws and regulations, MFUSA's advisory accounts may invest in, engage in transactions with, make voting decisions with respect to, and/or obtain services from entities for which the Macquarie Group performs or seeks to perform banking or other services. Additionally, it is likely that MFUSA's advisory accounts will undertake transactions in securities in which the Macquarie Group makes a market or otherwise has direct or indirect interests. MFUSA makes decisions for its clients in accordance with its fiduciary obligations as manager of its advisory accounts. As noted below, however, certain activities of the Macquarie Group may have a negative or detrimental effect on advisory accounts of MFUSA.

MFUSA may take investment positions in securities in which its clients or related persons within MGL or MFUSA itself have different investment positions. There may be instances in which MFUSA is purchasing or selling for its client accounts securities in which the Macquarie Group and/or MFUSA is undertaking the same or differing strategy. Prices, availability, liquidity and terms of the investments may be negatively impacted by the Macquarie Group's and MFUSA's activities and the transactions for MFUSA's clients may, as result, be less favorable. The investment results for MFUSA's clients may differ from the results achieved by the Macquarie Group, itself and other clients of the Macquarie

Group. In addition, results among MFMUSA clients may differ. For a summary of the restriction of the flow of certain information between MFMUSA and other parts of Macquarie Group, please see "Information Barrier Walls" below. As noted, MFMUSA makes decisions for its clients in accordance with its fiduciary obligations as manager of its advisory accounts, independent of what decisions may be made by or in other parts of the Macquarie Group.

The investment activities of the Macquarie Group may limit the investment opportunities for MFMUSA's client accounts. This may occur in certain regulated industries, private equity markets, emerging markets, and in certain futures and derivative transactions where restrictions may be imposed upon the aggregate amount of investment by affiliated investors. MFMUSA may voluntarily limit transactions for client accounts or limit the amount of voting securities purchased for client accounts, or waive voting rights for certain securities held in client accounts, which may limit positions, in order to avoid circumstances which, in the view of MFMUSA, would require aggregation of such client account positions with investments elsewhere in the Macquarie Group that would approach or exceed certain ownership thresholds.

MGL may from time to time in its sole discretion invest in one or more Client Accounts with no obligation to invest in any or all Client Accounts. MGL may also engage MFMUSA to manage proprietary money in accounts or funds that are separate from Client Accounts ("MGL proprietary accounts"). MFMUSA may buy, sell, or hold securities or other instruments for MGL proprietary accounts while entering into different investment decisions for one or more Client Accounts.

Information Barrier Walls

The Macquarie Group may come into possession of confidential, material non-public information particularly in connection with its commercial and investment banking activities. The Macquarie Group, including MFMUSA, has internal procedures in place intended to limit the potential flow of any such non-public information. Should MFMUSA come into possession of material, non-public information, MFMUSA has procedures that prohibit trading activities based on such information by MFMUSA for its clients and by MFMUSA employees. MFMUSA may not use material, non-public information obtained from any division of the Macquarie Group when making investment decisions for its clients. As a result of these procedures and prohibitions, client accounts may be precluded from purchasing or selling certain securities, which could have a detrimental effect on one or more client accounts. There may be instances where members of MFMUSA senior management who are not involved in the investment process may be privy to material, non-public information about transactions or securities due to discussions with senior personnel from other departments within the Macquarie Group. However, when in possession of material, non-public information, such members of senior management may not participate or use that information to influence trading decisions or securities; nor may they pass that information along to personnel within MFMUSA involved in the investment process (e.g., portfolio managers, research analysts and traders).

There may also be periods during which MFMUSA may not initiate or recommend certain types of transactions, or may otherwise restrict or limit its advice given to clients in certain securities issued by or related to companies that the Macquarie Group is performing banking or other services, or companies in which the Macquarie Group has a proprietary position. As a

result, client accounts may be precluded from purchasing or selling certain securities, which could have a detrimental effect on one or more client accounts.

Trading with an Affiliate

Currently, the only compensation received by MFMUSA for effecting securities transactions for its clients is its advisory fees as discussed in Item 1.D.

MFMUSA may utilize custodians affiliated with MFMUSA on behalf of its clients in accordance with applicable rules and regulations. MFMUSA clients may utilize custodians unaffiliated with MFMUSA and such custodians may, in turn, hire affiliates of MFMUSA as sub-custodians in certain jurisdictions. In such circumstances, MFMUSA affiliates may effect certain transactions on behalf of MFMUSA clients (e.g., foreign exchange transactions, corporate actions). These circumstances may give rise to the appearance of conflicts of interest. MFMUSA has developed policies and procedures to monitor such circumstances. In the event a MFMUSA client hires its own custodian, MFMUSA will work with such client to avoid conflicts of interest in connection with its custodian engaging MFMUSA affiliates as sub-custodians.

Proprietary Account Trading

In accordance with the Macquarie Group's policy, MFMUSA may invest and manage proprietary capital in certain products and strategies also managed by MFMUSA for clients; these investments may be hedged against market risk, while client assets may not be so hedged. The portfolio management and trading of the proprietary capital investment as well as any associated hedge activity is undertaken in accordance with MFMUSA policies and procedures. Proprietary capital may not perform the same as similarly managed client accounts for a variety of reasons, including regulatory restrictions on the type and amount of securities in which the proprietary capital may be invested, differential credit and financing terms, as well as any hedging transactions. While MFMUSA acts solely in the best interests of its clients, these circumstances may give rise to the appearance of a conflict of interest.

Item 12: Brokerage Practices

A. Selection of Broker-dealers

Investments recommended and made by MFMUSA will generally be privately placed securities without either the use of a broker or payment of commission. MFMUSA does have related persons who may have the ability to determine brokers to be used and/or commissions to be paid. None of those related persons would be providing services to or making such decisions for MFMUSA's clients.

1. Research and Other Soft Dollar Benefits. MFMUSA does not receive research or other products or services other than execution from a broker-dealer or a third party in connection with client securities transactions.

2. Brokerage for Client Referrals. MFMUSA does not consider, in selecting or recommending broker-dealers, whether MFMUSA or a related person receives client referrals from a broker-dealer or third party.
3. Directed Brokerage. MFMUSA does not routinely recommend, request, require or permit a client to direct brokerage.

B. Aggregation of Orders

MFMUSA may invest in a private placement for various client accounts if the investment fits within more than one client's investment parameters. MFMUSA has a deal allocation procedure whereby a deal is either allocated or split between clients pro rata based on their individual portfolio plan and the remaining requirements of that portfolio plan.

Item 13: Review of Accounts

A. & B. Review of Accounts

MFMUSA implements a structured review process from the onset with the development of a strategic and tactical plan alongside clients for implementation of the client's private equity program. This is then reviewed and updated on a regular basis by the investment professionals as the strategic and tactical plan is implemented through investment. This real-time review and monitoring by the investment professionals is formalized each quarter with a report provided to clients as per Item 13.C. below.

The investment professionals involved in the review and monitoring of investments on a real-time basis are:

- A. Eric Becker, MFMUSA President and Director;
- B. Rick Fratus, MFMUSA Director;
- C. Kurt Faulhaber, Senior Vice President;
- D. Andrew Betz, Vice President; and
- E. Brad Mytton, Vice President.

Additionally, MFMUSA is a part of Macquarie Funds Group's global private markets team and the individuals stated above participate in a global investment committee which includes other global team members and this investment committee reviews the portfolios MFMUSA manages and/or advises on a regular basis.

C. Frequency of Regular Reports Provided to Clients

MFMUSA provides regular written reports to its clients (at least quarterly). The reports include a review of the performance of the account overall, performance of the underlying fund managers, performance of the underlying portfolio companies as appropriate, and a review of the general market conditions. Additional reports are provided as requested.

Item 14: Client Referrals and Other Compensation

A. Other Compensation

No one who is not a client of MFMUSA provides an economic benefit to MFMUSA for providing investment advice or other advisory services to its clients.

B. Compensation for Client Referrals

MFMUSA and its affiliates may utilize both affiliated and non-affiliated third party placement agents in accordance with applicable regulations.

Item 15: Custody

MFMUSA does not have custody of client funds or securities, but its related persons that are qualified custodians may have custody of certain client funds or securities. The responsible entity for these funds, an affiliated entity of MFMUSA, sends account statements directly to clients. Clients should carefully review these statements. Clients should compare the account statements they receive from the qualified custodian to those received directly from MFMUSA or its affiliates.

Item 16: Investment Discretion

MFMUSA accepts discretionary authority to manage securities accounts on behalf of clients, which would typically be outlined in their investment management agreement with their client(s). There are no customary limitations placed by clients on this authority; however, any limitations on MFMUSA's discretionary authority would be outlined in MFMUSA's investment management agreement with its client.

MFMUSA is a part of Macquarie Funds Group's Investment Management Private Markets team ("MIMPM"). Investment decisions for the portfolios MFMUSA advises and/or manages are made through MIMPM's Investment Committee. All investments must receive unanimous (minus one) approval from the Investment Committee in order for the investment to proceed. The Investment Committee comprises certain management persons of MFMUSA, as well as other members of the MIMPM team globally.

Item 17: Voting Client Securities

Investments recommended and made by MFMUSA will generally be privately placed securities and are generally not subject to proxy votes. However, if MFMUSA were to vote proxies on behalf of its clients and accounts, and/or recommend voting action on behalf of its clients and

accounts, MFMUSA would do so in a manner that is consistent with the best interest of each of its clients and accounts and their investors, considered as a group rather than individually, unless it determines that abstaining from the vote would be in the best interest of their clients. For this purpose, “best interest” means in the best economic interest of each client or account and its shareholders, as investors, without regard to any self-interest which MFMUSA, its management or affiliates might have in a particular voting matter or any interest which its clients’ investors may have other than their economic interest, in common, as investors.

Item 18: Financial Information

A. Prepayment of Fees

MFMUSA does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.

B. Financial Conditions

MFMUSA is not aware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to its clients.

C. Bankruptcy

MFMUSA has not been the subject of a bankruptcy petition at any time during the past ten years.