

Starr Principal Holdings, LLC

Form ADV, Part 2A Brochure

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April 1, 2013

This brochure provides information about the qualifications and business practices of Starr Principal Holdings, LLC. If you have any questions about the contents of this brochure, please contact us at (212) 230-5050. 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 Starr Principal Holdings, LLC also is available on the SEC’s website at www.adviserinfo.sec.gov.

Starr Principal Holdings, LLC is a registered investment adviser. Registration with the SEC as an investment adviser does not imply that Starr Principal Holdings, LLC possesses a certain level of skill or training.

Item 2 – Material Changes

Item 5 has been updated to reflect that the Adviser charges management fees quarterly in arrears.

Item 15 has been updated to reflect the Adviser’s reliance on the audit exemption to the custody rule set forth in Rule 206(4)-2(b)(4) under the Investment Advisers Act of 1940, as amended (the “Advisers Act”).

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Item 4 – Advisory Business

Starr Principal Holdings, LLC (the “Adviser”) is a Delaware limited liability company that was formed in January 2012.

The Adviser primarily provides non-discretionary investment advice on strategic, growth equity and debt investments in privately held companies. Clients of the Adviser include C.V. Starr & Co., Inc. (“C.V. Starr”), Starr International Company, Inc. (“Starr International”) and the subsidiaries of Starr International, and may also include other corporate, institutional, sovereign wealth fund and ultra-high net worth family office clients. The Adviser originates direct private equity investments (in some cases, control investments), structures and negotiates the transactions, performs extensive due diligence, and forms investment recommendations for its clients. Clients then assess these recommendations and make independent decisions whether or not to participate in a particular transaction (i.e., non-discretionary management). Clients that determine to participate in a private equity transaction may grant the Adviser discretionary authority to provide continuous management and oversight of the specific transaction once made, to exercise discretion with respect to matters submitted to interest holders, to execute sale and other exit transactions and to cause one or more designees of the Adviser to serve as a director (or equivalent) of a portfolio company. The Adviser and its advisory personnel may obtain performance-related compensation with respect to these investments, as described in Item 6. The Adviser will typically seek representation on the board of directors (or equivalent body) of the portfolio companies in which its clients have control investments.

The Adviser may also provide investment advice to C.V. Starr, Starr International, and the subsidiaries of Starr International with respect to these companies’ diversified investment portfolios, which may include marketable equity securities, taxable and tax-exempt fixed income securities, registered investment companies, direct real estate investments, and investments in alternative investment funds (including hedge funds, private equity funds, and real estate funds). Certain of such investment advice is discretionary advice, while certain other of such investment advice is non-discretionary, as negotiated in each case with the applicable client. Investment advice with respect to asset classes other than direct private equity investments is not typically offered to other clients.

As of December 31, 2012, the Adviser was providing investment advice with respect to investments of approximately \$2,187,262,804 on a non-discretionary basis and \$15,869,679 on a discretionary basis.

The Adviser is wholly-owned by C.V. Starr, a private holding company with a substantial portfolio of global investments. Maurice R. Greenberg owns more than 25% of the outstanding voting stock of C.V. Starr.

Item 5 – Fees and Compensation

Clients may be charged a management fee based upon a percentage of assets under management. Fees are typically billed directly to clients and are payable quarterly in arrears. Clients may also be charged a performance-based fee, as described in Item 6.

With respect to private equity investments, the Adviser may obtain and retain additional fees customary for private equity transactions, including, but not limited to, execution fees, brokerage fees, transaction fees, monitoring fees, directors' fees and exit fees. The Adviser may also receive equity incentives in forms such as warrants or options in certain underlying portfolio companies in which clients invest.

The Adviser's compensation is negotiated with clients at the time they enter into a relationship with the Adviser or decide to participate in a particular transaction.

Clients are expected to reimburse the Adviser for transaction-related expenses, including but not limited to expenses associated with legal, investment banking, consulting, accounting, due diligence and brokerage services, travel expenses, including chartered travel, and expenses relating to board service. Certain clients may also be expected to reimburse the Adviser for out-of-pocket expenses associated with transactions that are actively considered but not consummated.

The Adviser's brokerage practices are discussed in Item 12 of this brochure.

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

The Adviser, or an affiliate of the Adviser, may collect performance-based compensation with respect to particular investments, which may be in the form of carried interest based on a percentage of realized gain (in certain cases subject to a performance threshold) or may be based on the increase in the fair market value of the investments subject to the performance compensation in excess of a high-water mark. Performance-based compensation may also take the form of equity awards or compensation in the portfolio company in which a client invests.

The performance-based compensation described above may create an incentive to recommend investments that are riskier or more speculative than would be the case absent this performance-based compensation.

The payment of performance-based compensation by some (but not all) clients or the payment of performance-based compensation at varying rates may create an incentive to favor clients that pay performance-based compensation or pay that compensation at higher rates.

Item 7 – Types of Clients

The Adviser provides investment advisory services to corporate and institutional clients, and may provide investment advisory services to sovereign wealth fund and ultra-high net worth family office clients. All clients must generally be qualified purchasers under the Investment Company Act of 1940 or qualified institutional buyers under Rule 144A of the Securities Act of 1933 (the “Securities Act”), and therefore accredited investors under Regulation D of the Securities Act.

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

Methods of Analysis and Investment Strategies

The Adviser utilizes a variety of methods to analyze potential and existing investment opportunities. These methods vary depending on the nature of the investment opportunity.

Private Equity Investments

The Adviser provides non-discretionary recommendations to clients primarily regarding strategic, growth equity and debt investments in privately held companies. The Adviser actively monitors the portfolio companies of its clients, including providing ongoing assessments of fair values of the investments for its clients. The Adviser seeks to exit investments when it believes that its clients have the best opportunity to maximize returns.

In identifying, originating and evaluating potential private equity investments, the Adviser utilizes a number of analytical methods to assess the potential investment. These methods focus on the target company’s (i) industry fundamentals; (ii) market positioning and competition; (iii) financial valuation, including comparable company analysis, comparable transaction analysis, and discounted cash flow analysis; (iv) management capability; (v) operational, marketing, legal, tax, labor, environmental, and accounting factors; (vi) key business risks; (vii) governance and control; (viii) exit options and timing; (ix) possible synergies with the presence of C.V. Starr and Starr International in existing and emerging markets worldwide; and (x) other factors. Investments pursued primarily due to possible synergies with C.V. Starr and/or Starr International typically would not be made available to other persons for coinvestment.

Private Fund and Public Securities Investments

The Adviser also provides advice to C.V. Starr and Starr International (and its subsidiaries) on publicly-traded equity and debt securities, private investments in public equity (PIPEs), and investments in alternative investment funds.

In considering potential alternative investment fund investments, the Adviser assesses potential investment targets based on: (i) management capability and track record; (ii) fund size and liquidity, as applicable; (iii) management ability to source, execute, and exit high-quality investments; (iv) assessment of investment thesis, such as strategy, screening criteria, and industry focus; (v) competition; (vi) investment horizon; (vii) complement to existing portfolios; and (viii) other factors.

In considering publicly traded equity securities, the Adviser's analytical methods focus on following aspects of the securities: (i) industry fundamentals; (ii) market positioning and competition; (iii) financial valuation, including comparable company analysis, comparable transaction analysis, and discounted cash flow analysis; (iv) management capability; (v) company size and liquidity; (vi) operational, marketing, legal, tax, labor, environmental, and accounting factors; (vii) key business risks; (viii) corporate governance; (ix) possible synergies with the presence of C.V. Starr and Starr International in existing and emerging markets worldwide, but typically only in the case of transactions not presented to clients other than C.V. Starr and Starr International; and (x) other factors.

Risk of Loss

Although all investments in securities involve risk of loss that investors must be prepared to bear, the Adviser's significant investment strategies and methods of analysis involve the following material risks.

Reliance on Financial Projections

The Adviser's recommendations are based on financial and other projections. Those projections are estimates of future results and depend on various assumptions. Actual results may vary from projections, and the projected performance results of clients' investments may not be attained. Various factors that cannot be predicted, including general economic conditions and changes in debt markets, may materially and adversely affect the Adviser's strategy and clients' performance.

Reliance on Key Investment Personnel

The performance of each client's investments will depend in part upon the skill and expertise of the Adviser's investment professionals. There can be no assurance that these professionals will continue to be associated with the Adviser throughout the life of a client's relationship with the Adviser. The loss of the services of these key personnel could impair the Adviser's ability provide services to its clients and could adversely affect their performance.

Portfolio Company Management

The day-to-day operations of each portfolio company acquired upon the advice of the Adviser will be the responsibility of that company's management team. Although the Adviser, and in some cases certain of the Adviser's clients, will monitor the management team, there can be no assurance that the existing management team or any new management team will successfully execute the Adviser's plans for the company.

Investments in Less Established Companies

The Adviser may recommend investments in less established companies, which involve greater risk than investing in more established companies. Less established companies may have limited product lines, markets or financial resources, and they may be dependent on a limited management team. These companies may be subject to more abrupt and erratic fluctuations than more established companies, and because they generally have fewer resources, they may be more susceptible to financial failure. Their relatively short operating histories also make less established companies more difficult to analyze.

Illiquidity

Many of the investments managed by the Adviser will be illiquid, and there can be no assurance that any gains on the investments will be realized in a timely manner. Although the investments may generate some current income, any return of capital and realization of gains will occur only on disposition or refinancing of the investments.

Limited Number of Investments

A client may make only a limited number of investments and take large positions in those investments. If any of those investments experiences a material loss, the overall returns to the client may be adversely affected. Unless otherwise agreed, the Adviser does not provide any assurance of diversification in its investment advice.

Financial Market Uncertainty

Since 2008, global financial markets have been relatively uncertain and have frequently experienced periods of unprecedented volatility. There can be no assurances that changes in these markets will not adversely affect the portfolio companies or other investments recommended by the Adviser, including access to capital and overall performance. General fluctuations in the market prices of securities may also affect the value of clients' investments.

Currency and Exchange Rates

Certain of the Adviser's investments and the income they generate are denominated in foreign currencies. Changes in currency exchange rates may adversely affect the value of those investments in a client's base currency, the interest and dividends they produce, and any gains and losses realized on their sale.

Investments in Non-U.S. Companies

The Adviser may make investments in companies outside the U.S., including in emerging markets. These investments may involve risks different from those associated with investments in United States, including greater government control over the economy, political and legal uncertainty, and currency fluctuations. Economic and political risks include potential exchange controls, restrictions on non-U.S. investments and capital repatriation, expropriation or confiscatory taxation, and general economic, political and social instability. Legal risks include differences in uniform financial reporting standards, ineffective government oversight and regulation, and underdeveloped corporate governance and investor-protection laws. Investments in non-U.S. companies may also be affected by differences between the U.S. and non-U.S. securities markets, including price volatility and relative illiquidity of non-U.S. markets.

Other Risks

Investments made by the Adviser will be subject to a variety of macro-level economic, political and financial risks that are beyond the control of the Adviser. These risks include uninsured or uninsurable casualties, acts of God, terrorist attacks, war and other economic, political, and financial events that may negatively affect these investments.

Use of Leverage

The investment strategy may rely on leverage for some investments. To the extent the portfolio companies take on debt, investments in those companies will present a greater opportunity for capital appreciation, but will also involve a higher degree of risk. The leveraged capital structure of the portfolio companies will increase investors' exposure to any deterioration in the companies' circumstances, including unfavorable marketing or economic conditions, operating problems, interest rate increases, and other general business and economic challenges. If a portfolio company becomes unable to service its debt obligations, investors may suffer a partial or total loss of their invested capital.

Conflicts of Interest

Allocation of Investment Opportunities

The Adviser may be presented with investment opportunities that fall within the investment objectives of multiple clients. While the Adviser will seek to allocate such opportunities on an equitable basis as described in Item 11, it is under no obligation to offer co-investment opportunities to clients other than C.V. Starr and Starr International.

Investments Synergistic with Operations of C.V. Starr and Starr International

Certain investments are informed by, and expected to have synergies with, the operations of C.V. Starr and Starr International. Although the Adviser will consider the interests of all of its clients in making investment recommendations, in certain instances the business interests and regulatory constraints applicable to C.V. Starr or Starr International may cause an investment to be exited at a time when other clients may have an interest in continuing to hold a particular investment but for this constraint.

Performance-Based Compensation

As disclosed in Items 5 and 6, because the Adviser, or an affiliate of the Adviser, receives performance-based compensation, there may be an incentive to recommend investments that are riskier or more speculative than would otherwise be the case absent this performance-based compensation.

Because some (but not all) clients pay performance-based compensation and clients pay performance-based compensation at varying rates, there may be an incentive for the Adviser to favor clients that pay performance-based compensation or that pay such compensation at higher rates.

Item 9 – Disciplinary Information

Maurice R. Greenberg does not participate in the management of the Adviser or its investment advisory activities, but is considered to be an advisory affiliate of the Adviser by virtue of his ownership of a controlling interest in C.V. Starr, the direct parent of the Adviser. In August 2009, Mr. Greenberg, without admitting or denying the allegations of a complaint by the SEC regarding certain accounting transactions by American International Group, Inc. and certain SEC filings made by American International Group, Inc., of which Mr. Greenberg was chairman and chief executive officer, consented to a judgment enjoining him from violating or controlling any person who violates certain provisions of the Securities Exchange Act of 1934 (the “Exchange Act”) and the rules and regulations thereunder, and directing him to pay a penalty of \$7.5 million and disgorgement of \$7.5 million.

For further information, see SEC Litigation Release No. 21170, dated August 6, 2009, *available at* <http://www.sec.gov/litigation/litreleases/2009/lr21170.htm>.

Item 10 – Other Financial Industry Activities and Affiliations

Neither the Adviser nor any of its management persons is a registered broker-dealer or registered representative of a broker-dealer.

Neither the Adviser nor any of its management persons is a registered futures commission merchant, commodity pool operator, commodity trading advisor, or associate of any such entities.

Starr International is a private insurance holding company. Substantially all of the equity of Starr International is owned by a Swiss charitable foundation, and the voting stock of Starr International is owned by 12 persons, four of whom are also directors of C.V. Starr. No person owns more than 8.3% of the voting stock of Starr International. Certain members of the board of directors of Starr International are also directors of C.V. Starr and in some cases the regulated insurance company subsidiaries of Starr International. Although the Adviser reports the regulated insurance company subsidiaries of Starr International as related persons in Item 7 and the corresponding section of Schedule D of Form ADV Part 1A, the Adviser disclaims that it is controlled by Starr International or that it is under common control with Starr International or any of the regulated insurance company subsidiaries of Starr International.

No management person of the Adviser is a director or officer of Starr International or its subsidiaries or has any business relationship with these companies other than Scott Greenberg. Scott Greenberg, senior managing director of the Adviser, is a director of C.V. Starr, Starr International and certain of Starr International's unregulated subsidiaries and participates on the investment committees of C.V. Starr and Starr International, which is not viewed as creating a material conflict of interest. The other directors of C.V. Starr and Starr International do not participate in the business or management of the Adviser.

As described in "Item 8 – Conflicts of Interest – Allocation of Investment Opportunities and Investments Synergistic with Operations of C.V. Starr and Starr International," the Adviser may consider synergies with the businesses of C.V. Starr or Starr International in evaluating investment opportunities. This potential conflict of interest will be addressed by specific disclosure to clients other than C.V. Starr or Starr International when co-investment opportunities are offered. To the extent that portfolio companies of the Adviser may obtain insurance or other services or products from C.V. Starr, Starr International, or any subsidiary of either, a portfolio company will obtain such services only on arms-length, market terms. Investment advice on asset classes other than private equity is not offered at the present time to clients other than C.V. Starr, Starr International and the subsidiaries of Starr International.

If a portfolio company in which the Adviser had a controlling investment or was represented on the board of directors were to seek to engage in any transaction outside of the ordinary course of business with C.V. Starr, Starr International or any subsidiary of either, the Adviser would make appropriate disclosure to other clients and, if determined to be necessary or appropriate by the Adviser's Chief Compliance Officer, seek their approval.

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

Code of Ethics

As an investment adviser registered with the SEC under the Advisers Act, the Adviser has adopted a Code of Ethics (the "Code") that sets forth standards of conduct and requires compliance with federal securities laws and the fiduciary obligations of an adviser to its clients. The Code applies to all persons defined as "Access Persons" under SEC Rule 204A-1. The Code outlines policies in several areas, including: standards of conduct and compliance with laws, rules and regulations; protection of material non-public information; and personal securities trading and reporting.

The Code requires Access Persons to maintain the confidentiality of all confidential or proprietary information regarding the Adviser and its clients, except when disclosure is mandated by law. The Code emphasizes that, under federal securities laws, persons may not trade in securities while possessing material, non-public information concerning the issuer of those securities, nor may persons share that information with others who may trade in that issuer's securities.

The Code bars the Adviser and its employees from effecting transactions with a client without full disclosure and informed consent by the client. The Adviser's officers, directors, employees, and other Access Persons are also barred from using information about investments or prospective investments recommended by the Adviser or made by C.V. Starr or Starr International, or their ability to influence those prospective investments, for personal gain or in a manner detrimental to the interests of the Adviser or its clients. The Code further provides that no person may recommend or attempt to cause any transaction for the account of a client in which the person also has a material personal interest.

All Access Persons must report to the Chief Compliance Officer periodically their personal securities transactions and their holdings of securities that are reportable under Rule 204A-1. Access Persons generally must obtain pre-clearance from the Chief Compliance Officer before trading in reportable securities, including initial public offerings and private placements.

All Access Persons are required to promptly report any actual, apparent, or suspected violations of the Code to the Chief Compliance Officer or, in his absence, their immediate supervisor. The Chief Compliance Officer has distributed the Code to each person who is an Access Person. All Access Persons must certify annually that they have been provided a copy of the Code and that they have agreed to be bound by its provisions. An Access Person may be subject to discipline for violations of the Code.

The Adviser will provide a copy of the code of ethics to any client or prospective client upon request. Such requests may be directed to the Chief Compliance Officer, Jacob E. Comer, at jacob.comer@starrholdings.com.

Participation or Interest in Client Transactions

The Adviser typically does not recommend that its clients invest in opportunities in which it or a related person has a pre-existing, material financial interest. If such a pre-existing, material financial interest were present, the Adviser would seek to disclose all material facts about such interest to clients prior to making an investment recommendation. Advisory personnel of the Adviser may coinvest in certain private equity investment opportunities. The Adviser (or an affiliate) may also obtain a carried interest or other incentive-based compensation in connection with certain investments.

The Adviser provides discretionary or non-discretionary advice to its clients. Generally, each client will determine the amount of capital it wants to contribute to a specific investment. To the extent the Adviser has discretion to make an allocation decision, the Adviser will allocate investments among its clients on an investment by investment basis. There is not a pre-established allocation formula for investments by clients; however, the Adviser will ensure that allocations are made in a fair and equitable manner, based on a variety of factors. Such factors may include, but are not limited to: (i) the amount of capital required for the investment; (ii) the amount of capital available for investment by clients; (iii) applicable regulatory capital requirements or limitations applicable to each client; (iv) applicable investment/risk parameters; (v) future capital needs of each client; (vi) each client's tax situation and requirements; and (vii) any other information determined to be relevant to the fair allocation of the investment.

To the extent the Adviser makes an allocation decision for more than one client, the Adviser will document the rationale for such allocation. The Chief Compliance Officer will periodically review allocation decisions to ensure that allocations are made in a fair and equitable manner.

Item 12 – Brokerage Practices

The Adviser will typically select the broker to be used in any public securities transactions for clients, regardless of whether the Adviser is acting on a discretionary or non-discretionary basis. In selecting brokers, the Adviser may consider various relevant factors, including, without

limitation, pricing terms offered by the broker, the ability of the broker to deliver prompt and reliable execution, the size and type of the transaction, the market for the securities to be transacted, the broker's familiarity with the securities to be transacted, the broker's operational efficiency, the broker's financial stability, the broker's policies regarding confidentiality, the overall value and quality of the broker's services and other factors determined to be relevant.

The Adviser does not make arrangements with specific brokers or dealers to receive research or other services beyond transaction execution in exchange for brokerage commissions from clients' transactions (so-called "soft dollar" arrangements). In selecting brokers, the Adviser does not consider whether it receives client referrals from brokers or other third parties. The Adviser does not recommend, request or require clients to execute transactions through specified brokers.

The Adviser will periodically evaluate the overall reasonableness of the brokerage commissions and negotiated terms paid to or made with broker-dealers with respect to client transactions by, among other things, seeking to compare such commissions and terms with the commission rates and negotiated terms being charged by and entered into with other comparable broker-dealers.

The Adviser may aggregate trades among eligible clients. For additional information regarding the allocation of investments among clients, please see Item 11 above.

Item 13 – Review of Accounts

All client investment portfolios are reviewed at least quarterly and written reports about portfolio activity and portfolio performance are provided to clients, including the investment committees of C.V. Starr and Starr International, on a quarterly basis. Among other information that may be included in periodic performance reports is quantitative and qualitative information on updated assets under management, valuations of individual portfolio companies, new investments, new exits, investment income, dividends, other cash flow events, management changes, restructurings and bankruptcies.

In the case of private equity investments, the Adviser's team is in frequent contact with portfolio company management. The Adviser's management team actively monitors the portfolio companies of its clients.

Item 14 – Client Referrals and Other Compensation

The Adviser and its advisory personnel do not receive compensation from any person other than the Adviser's clients for providing investment advisory services to its clients. The Adviser has historically not compensated any third party for client referrals. The Adviser may in the future engage one or more intermediaries to identify potential coinvestors, or potential investors in a coinvestment vehicle, in connection with a contemplated investment.

Item 15 – Custody

The Adviser relies on the audit exemption to the custody rule set forth in Rule 206(4)-2(b)(4) under the Advisers Act of 1940. Accordingly, the Adviser's custodian does not deliver custody account statements directly to the Adviser's clients.

Item 16 – Investment Discretion

The Adviser currently provides its investment recommendations on a non-discretionary basis regarding direct private equity and alternative fund investments. The Adviser may provide discretionary advice to C.V. Starr, Starr International, and the subsidiaries of Starr International with respect to other types of investments. When providing discretionary advice, the Adviser will manage portfolios in accordance with these clients' investment objectives and any applicable investment guidelines.

Clients that determine to participate in a private equity transaction may grant the Adviser discretionary authority to provide continuous management and oversight of the specific transaction once made, to exercise discretion with respect to matters submitted to interest holders, to execute sale and other exit transactions and to cause one or more designees of the Adviser to serve as a director (or equivalent) of a portfolio company.

Item 17 – Voting Client Securities

The Adviser will vote marketable securities (and vote proxies and consider consents and waivers with respect to privately held securities) as to which it has discretionary authority pursuant to its proxy voting policy (which is available to clients upon request). The proxy voting policy requires the Adviser, in making voting recommendations or decisions, to act in the best interests of clients and to be attentive to potential conflicts of interest between the Adviser and clients. If a potential conflict of interest is identified, the Adviser will consider appropriate steps to mitigate the conflict, which may include disclosure to clients, requesting that clients direct the voting of their securities, or other actions. The Adviser may determine not to vote a proxy if it determines that not voting is in the best interests of the relevant client. Clients may obtain a copy of the Adviser's proxy voting policy, as well as information about how the Adviser voted their securities, by contacting the Chief Compliance Officer, Jacob E. Comer, at jacob.comer@starrholdings.com.

Item 18 – Financial Information

Not applicable.