



## **Form ADV Part 2A: Firm Brochure**

### **Prostar Capital (US) LLC**

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This brochure provides information about the qualifications and business practices of Prostar Capital (US) LLC and certain affiliated relying advisers. If you have any questions about the contents of this brochure, please contact our Chief Compliance Officer, Tracy Urquiaga, at (203) 864-6041 or [tracy.urquiaga@prostarcapital.com](mailto:tracy.urquiaga@prostarcapital.com).

Prostar is registered as an investment adviser with the United States Securities and Exchange Commission (the "SEC") under the Investment Advisers Act of 1940. Registration as an investment adviser with the SEC does not imply a certain level of skill or training. In addition, the information in this brochure has not been approved or verified by the SEC or by any state securities authority.

Additional information about Prostar Capital (US) LLC and the relying advisers is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2

**Material Changes**

In August 2014, Prostar Capital (US) LLC filed its initial application to register as an investment adviser with the SEC. Accordingly, pursuant to disclosure rules under the Investment Advisers Act of 1940, this is the first brochure compiled by Prostar Capital (US) LLC and certain affiliated relying advisers to provide new and prospective investors with clearly written, meaningful, current disclosure of its business practices, and conflicts of interest. Prostar Capital (US) LLC encourages all recipients of this brochure to read it carefully in its entirety.

In the future, this Item will identify and discuss the material changes since the last annual update to assist investors and make them aware of certain information that has changed since the prior year's brochure and that may be important to them.

## Item 3

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## Item 4

**Advisory Business**

Established in July 2012, Prostar Capital (US) LLC is a private equity firm organized as a limited liability corporation under the laws of the State of Delaware. Prostar Capital (US) LLC is 100% owned by Prostar Capital Management Ltd., which is 100% owned by Prostar Capital Ltd. These entities were collectively founded by Greg Martin, Steve Bickerton, John Troy and Dave Noakes (collectively, the “Partners”) and Solaris Partners Pte. Ltd., an affiliate of SK Holdings Co., Ltd (collectively, along with its affiliates, the “Anchor Investor”).

Prostar Capital (US) LLC along with its affiliates Prostar GEIF GP, Prostar GNRF GP, Prostar GEIF Management, Prostar GNRF Management, Prostar Capital Management Ltd., and Prostar Capital (Australia) Pty Ltd (collectively, “Prostar”) provide advisory services to collective investment vehicles, including private investment partnerships and foreign investment companies; together with any respective parallel funds, special purpose and/or subsidiary investment vehicles (each a “Fund”, collectively the “Funds”). The following generally represents the advisory function of each aforementioned entity:

- **Prostar GEIF GP and Prostar GNRF GP (collectively, the “General Partners”)**  
Serve as general partners to the Funds and through respective investment committees has the ultimate discretion to implement investment decisions for the Funds.
- **Prostar GEIF Management and Prostar GNRF Management (collectively, the “Investment Managers”)**  
Serve as investment managers to the Funds providing advisory and management services, and recommendations to the General Partners.
- **Prostar Capital Management Ltd. (the “Investment Adviser”)**  
Serves as investment adviser to the Funds providing non-discretionary investment management advice to the Funds, and other investment advisory and administrative services to the Investment Managers in relation to such entities’ management of the Funds.
- **Prostar Capital (US) LLC and Prostar Capital (Australia) Pty Ltd (collectively, the Sub-Advisers)**  
Serve as sub-advisers to the Funds providing certain non-discretionary investment advisory and other consulting services to the Investment Adviser.

The Funds are organized to make private equity investments in the energy infrastructure and energy sectors with a significant presence in North America and Asia-Pacific, and will pursue opportunities where they can influence portfolio companies’ strategies and operations in partnership with management. Prostar will seek to grow capital through operational improvements, platform expansion, asset upgrades, merger and acquisition, refinancing and re-rating. Prostar will generally seek to make equity investments, but may utilize some debt financing in the purchase.

As of June 30, 2014, Prostar managed \$286,606,000 million of assets on behalf of the Funds.

In providing services to the Funds, Prostar formulates each Fund's investment objectives, directs and manages the investment and reinvestment of each Fund's assets, and provides reports to the limited partners or shareholder of the Funds (the "Investors"). Investment advice is provided directly to the Funds and not individually to the Investors. Prostar manages the assets of the Funds in accordance with the terms of each Fund's confidential offering and/or private placement memoranda, individual limited partnership or shareholder agreements and other governing documents applicable to each Fund (the "Governing Fund Documents"). All terms are generally established at the time of the formation of a Fund, and are only terminable once the applicable Fund is dissolved, wound up, and terminated. The Investors may not restrict investments by the Funds in any capacity, and except in limited circumstances, Investors are not permitted to withdraw from a Fund prior to the Fund's dissolution.

Shares or limited partnership interests in the Funds are not registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and the Funds are not registered under the Investment Company Act of 1940, as amended (the "Investment Company Act"). Accordingly, interests or shares in the Funds are offered and sold exclusively to investors satisfying the applicable eligibility and suitability requirements, either in private transactions within the United States or in offshore transactions.

## Item 5

### **Fees and Compensation**

#### *General*

Prostar provides investment advisory services to each of the Funds pursuant to various agreements as described below. The Agreements for each Fund, along with specific organizational documents of the Fund, set forth in detail the fee structure relevant to each such Fund. The terms of the Agreements are generally established at the time of the formation of the applicable Fund. Investors should review all fees charged by each Fund, Prostar, and others to fully understand the total amount of fees to be paid by a Fund and, indirectly, by the Investors.

- The General Partners, as carried interest partners of the Funds, are eligible to receive carried interest allocations from the Funds.
- The Investment Managers have entered into investment management agreements with the Funds pursuant to which they will, amongst others, receive a management fee, which ultimately, will be a 100% pass through to the Investment Adviser.
- The Investment Adviser has entered into sub-management agreements with the Investment Managers pursuant to which the Investment Adviser will receive a fee from the Investment Managers.
- The Sub-Advisers have entered into sub-advisory agreements with the Investment Adviser pursuant to which the Investment Advisers will compensate the Sub-Adviser for its services.

### ***Management Fee***

The Funds pay the Investment Managers an annual management fee (the “Management Fee”) at rates ranging from 1.5%-2.0%. The Management Fee is payable quarterly in advance and typically based upon committed capital during the commitment period and on invested capital thereafter, in each case in accordance with the investment management agreement. Prostar reserves the right to waive or reduce management fees for certain Investors, including employees, a limited number of strategic partners, advisors, and consultants and others as may be determined in Prostar’s sole discretion. The Management Fee is passed through to the Investment Advisers.

Unearned fees paid in advance will be returned to Investors.

### ***Sub-Advisory Fee***

The Investment Adviser pay the Sub-Advisers a fee (the “Sub-Advisory Fee”) in the amount generally equal to 108% of the total costs and expenses incurred by the Sub-Advisers in providing the services prescribed in the sub-advisory agreements. The Sub-Advisory Fee is payable quarterly in advance. The Sub-Advisers are responsible for preparing and submitted estimated and actual costs incurred in performing its services to the Investment Adviser, with each quarterly invoice incorporating a true-up of costs amongst the Investment Adviser and the Sub-Advisers.

### ***Carried Interest Allocations***

A portion of each Fund’s net investment profit may be allocated to the capital account of its respective General Partner as “carried interest”. The manner of calculation of such carried interest is disclosed in the Governing Fund Documents, and may vary by Fund. Generally, however, 15%-20% of the investment profits of the Funds are allocated as carried interest to such Fund’s General Partner with a preferred return of 8% per annum, subject to a catch-up, a clawback and an escrow. Prostar reserves the right to waive or reduce carried interest for certain investors, including employees, a limited number of strategic partners, advisors and consultants and others as may be determined in Prostar’s sole discretion.

### ***Other Fees Earned by Prostar***

Prostar may be entitled to receive from the Funds’ portfolio companies and their affiliates topping, break-up, monitoring, directors’, organizational, transaction, set-up, financial advisory or other fees received by Prostar, its members, employees or other affiliates from the portfolio companies, and the Funds (collectively, the “Other Fees”). Such Other Fees shall be separate and apart from any compensation received from co-investors.

The Funds’ allocable share of Other Fees will be applied to reimburse Prostar for its out-of-pocket expenses in connection with the transaction giving rise to such Other Fees, and reduce the subsequent installments of the Management Fee. To the extent such reduction of the Management Fee would reduce the Management Fee for a given period below zero, such reduction amount will be carried forward and will reduce future installments of the Management Fees. The fees received from co-investors will not reduce or offset any other fees received by Prostar.

The recipients of this brochure must refer to the detailed information found in the Governing Fund Documents for specific information about the fees earned by Prostar, including Other Fees, and the fees charged to the Funds.

### ***Other Expenses Charged to the Funds***

In addition to management fees, carried interest and Other Fees, the Funds' Investors will bear indirectly (to the extent not reimbursed by a portfolio company) the fees and expenses charged to the Funds. Those fees and expenses will vary by Fund, but typically will include, amongst others: (i) all out-of-pocket fees, costs, and expenses for tax advisors, attorneys, auditors, accountants and other professional advisors, and all routine out-of-pocket administrative expenses; (ii) out-of-pocket costs and expenses, if any, incurred in holding, developing, negotiating, structuring, making, holding, monitoring and disposing of actual portfolio companies and broken deal expenses; (iii) interest on and fees and expenses arising out of all borrowings and hedging arrangements made by a Fund, (iv) registration expenses and taxes, fees or other governmental charges levied against the Funds and expenses incurred in connection with any tax audit, investigation, settlement or review of the Funds, (v) expenses of a Fund's advisory board, and (vi) any expenses and costs incurred in connection with obtaining an independent third party valuation of portfolio companies or other assets. For a full accounting of all expenses charged and or incurred by the Funds, please refer to the Governing Fund Documents.

Certain expenses may be shared by the Funds and the cost of such expenses will be allocated amongst the Funds based on management fee revenue. Certain partnership deal expenses will be allocated between the Funds and any applicable co-investor vehicles on a *pro rata* basis based on committed capital.

In addition to the full-time investment professionals of the Firm, the Funds engage the services of certain operating advisers to work actively with Prostar on sourcing and evaluating new transactions, as well as providing strategic insights related to portfolio company matters. While these advisers have from time to time been referred to as "Strategic Advisors," they are not partners or employees of Prostar or any of its affiliates, but rather consultants engaged by certain Funds. The compensation of such individuals is generally treated as an expense of the relevant Fund(s).

Investors should review all fees charged by Prostar, its affiliates, and others to fully understand the total amount of fees to be paid by the Funds and, indirectly, their Investors.

## **Part 6**

### **Performance Based Fees and Side-by-Side Management**

As described above, Prostar may receive performance-based compensation in the form of "carried interest", which calculation is based on the profits generated on the sale or disposition of a Fund's assets. In addition, the majority of the Partners involved in the Funds and associated management of portfolio companies may receive shares of carried interest, which is calculated on an investment-by-investment basis. The fact that a significant portion of Prostar's compensation (and its investment professionals compensation) is directly computed on the basis of profits generated

by the sale or disposition of Fund assets may create an incentive for Prostar to make investments on behalf of the Funds that are riskier or more speculative than would be the case in the absence of such compensation. Further, the fact that the Funds may differ in their carried interest may also create an incentive for Prostar to favor one Fund over another or make more speculative investments than normally would be the case.

Prostar will manage each Fund within the parameters of each Fund's Governing Fund Documents and has also adopted policies to address the allocation of transactions (as discussed in more detail in Item 12 below), should such situation present itself.

## Part 7

### **Types of Clients**

Prostar provides discretionary management services to the Funds, subject to the ultimate direction and control of the General Partner of each Fund, and not individually to Investors. Investors in the Funds may include, but are not limited to, high net worth individuals, pension plans (corporate, state and foreign), sovereign wealth funds, endowments, foundations, banks, pooled investment vehicles (e.g., funds-of-funds), trusts, estates or charitable organizations, and corporate or business entities.

The minimum commitment for an Investor is outlined in the Governing Fund Documents, however, the General Partners maintain discretion to accept less than the minimum investment threshold. Investors will be required to meet certain suitability qualifications, such as being an "accredited investor" within the meaning set forth in Rule 501(a) of Regulation D under the Securities Act. Also, Investors will be required to make certain representations when investing in a Fund, including, but not limited to, that (i) they are acquiring an interest for their own account, (ii) they received or had access to all information they deem relevant to evaluate the merits and risks of the prospective investment and that (iii) they have the ability to bear the economic risk of an investment in the Fund. Details concerning applicable Investor suitability criteria are set forth in the respective Governing Fund Documents and subscription materials, which are furnished to each prospective Investor.

Pursuant to the Governing Fund Documents, Investors may also need to meet the meaning of a qualified client as defined in Rule 205-3 under the Investment Advisers Act of 1940 or a qualified purchaser as defined in Section 2(a)(51) of the Investment Company Act of 1940.

The Funds may enter into separate agreements, commonly referred to as "side letters", or other similar agreements with a particular Investor in connection with its admission to one of Funds without the approval of any other Investor, which would have the effect of establishing rights under or supplementing the terms of the applicable Fund's Partnership Agreement with respect to such Investor in a manner more favorable to such Investor than those applicable to other Investor. Such rights or terms in any such side letter or other similar agreement may include, without limitation, (i) excuse rights applicable to particular investments (which may increase the percentage interest of other Investors in, and contribution obligations of other Investors with respect to, such investments), (ii) reporting obligations of the General Partner, (iii) waiver of certain confidentiality obligations, (iv) consent of the General Partner to certain transfers by such

Investor or (v) rights or terms necessary in light of particular legal, regulatory or public policy characteristics of an Investor.

## Part 8

### **Methods of Analysis, Investment Strategies and Risk of Loss**

#### *Investment Analysis and Strategies*

Prostar's investment approach is to identify and pursue companies within the targeted sector or industry displaying characteristics that are believed to indicate strong growth potential and manageable risk profiles, including companies with analyzable cash flows in established industries. The investment process is characterized by proprietary sourcing, thorough due diligence, disciplined decision making, value-added operational oversight and close monitoring of exit options.

A Fund's investment committee will have sole and absolute decision-making authority to approve all investments, divestments, refinancing and other investment matters of the Fund. Its decision making is based, in part, on the underlying research, analysis, and recommendations of the Investment Managers, which in turn relies on certain services provided by the Investment Adviser, and which in turn relies on certain services provided by the Sub-Advisers. Employees may be shared or seconded amongst these entities. In addition, operating partners may also be engaged and/or consulted with regard to the sourcing and execution of a particular transaction. Further, the Anchor Investor may participate in the decision making process with respect to the Funds in which it is the sole Investor, and may also have the ability to participate in the decision making process for future Funds managed by Prostar.

Each Fund's investment objective is to achieve significant, long-term capital appreciation primarily through investments in middle-market energy and energy infrastructure companies and investments in which the Funds will generally have significant influence on the management, operations and strategic direction of the business. For certain larger transactions, the Funds may, but are not obligated to, seek co-investment partners (as discussed more below and in Item 10 below). The Funds' investments are in the form of controlling and non-controlling positions in companies, achieved through leveraged acquisitions, build-ups, recapitalizations, restructurings and growth equity transactions.

The Funds will generally be managed by the Partners who are supported by other internal investment professionals and external operating partners. Collectively, all of these individuals will be members of each Fund's investment committee.

#### *Investment Risks*

The following is a discussion of certain risks involved in carrying out Prostar's investment strategies on behalf of the Funds, and does not represent a full accounting of all risk for the Funds. Investors should review the Governing Fund Documents to understand all risks and potential conflicts of interest. All investment involves the risk of loss.

- **Investment in energy and energy infrastructure:** Involves many significant relatively unique and potentially acute risks, including, but not limited to, economic conditions, political events, competition, regulation, and financial position and business strategy of customers. Further, the operation and maintenance of energy or energy infrastructure assets or business involve various risks, many of which may not be under the control of the owner/operator, including labor issues, failure of equipment to perform anticipated, structural failures an accidents and the need to comply with the directives of government authorities. In addition, investments in energy or energy infrastructure assets may also be affected by the prevailing prices or related commodities such as oil, gas, and coal.
- **Regulatory risk:** The energy industry is subject to comprehensive laws and regulations throughout the world. Present and future statutes and regulations could cause additional expenditures, decreased revenues, restrictions and delays that could materially and adversely affect the portfolio companies and the prospects of the Funds.
- **Regulatory approvals:** The Funds may invest in portfolio companies they believe have obtained all material regulatory approvals, if any, required as of the date thereof to acquire and operate their facilities.
- **Uncertainty of estimates:** The process of estimating natural resources reserves is complex, requiring significant decisions and assumptions in the evaluation of available geological, geophysical, weather, engineering, economic and other data for each reservoir or location. These estimates are subject to wide variances based on, among others, changes in commodity prices and certain technical assumptions.
- **Concentration of investments:** The Funds may participate in a limited number of investments and, as a consequence, the aggregate return of the Funds may be substantially adversely by the unfavorable performance of even a single investment. Investor may have no assurance as to the degree of diversification of the Funds' investments, either by geographic region or transaction type.
- **Highly competitive market for investment opportunities:** The Funds may compete for investments with other investment vehicles, as well as individuals, companies, strategic buyers, financial institutions, other institutional investors and sovereign wealth funds. Some of these competitors may have more relevant experience, greater financial resources and more personnel than the Funds and Prostar.
- **Passive investment in interests:** The success of the Funds depends in substantial part upon the skill and expertise of Prostar's infrastructure investment team. Investors will be relying entirely on such individuals to conduct and manage the affairs of the Funds.
- **Use of leverage:** The Funds' investments are expected to include companies whose capital structures may have significant leverage. To the extent a portfolio company utilizes leverage, any recession, operating problem, deterioration in the condition of the portfolio company or its industry and any other general business and economic risk may have a more pronounced effect on the performance of such portfolio company.

- **Co-Investment:** Where appropriate, Prostar intends, but is not obligated, to provide co-investment opportunities to certain Investors. These co-investment opportunities will be offered as interests in a limited partnership or other similar entity formed for each investment (a “Co-Investment Entity”). Prostar will allocate the available investments among the Funds, the Co-Investment Entity and any third parties as it may in its sole discretion determine.
- **Valuation of Assets:** Most of the securities owned by the Funds are not publicly traded and are required to be fair valued by Prostar. When estimating fair value, Prostar will apply a methodology based on its best judgment that is appropriate in light of the nature, facts and circumstance of the investments. Valuations are subject to multiple levels of review for approval and ensuring that portfolio investments are fairly valued is an important focus of the Prostar.
- **Lack of Operating History:** Although the Partners have prior experience, both together and separately, relating to the acquisition and financing of private companies and in investments similar to those to be made by the Funds, the Funds have limited or no operating history and no basis upon which an evaluation of its prospects can be made.
- **No Assurance of Returns:** There is no assurance that the Funds will be able to generate returns for its Investors or that the returns will be commensurate with the risks of investing in the types of companies and transactions described herein. There can be no assurance that the Funds’ investment objectives will be achieved or that there will be any return of capital. Therefore, an Investor should only invest in a Fund if the Investor can withstand a total loss of its investment. The past investment performance of the entities with which officers and employees of Prostar have been associated cannot be taken to guarantee future results of any investment in the Funds.
- **Dependence on Key Personnel:** The success of the Funds will be highly dependent on the expertise and performance of the Partners. There can be no assurance that the Partners will continue to be associated with Prostar or any of its affiliates throughout the life of the Funds, as they are under no contractual obligation to remain with Prostar or any of its affiliates for all or any portion of the term of the Funds. The loss of the services of one or more of these individuals could have a material adverse effect on the performance of the Funds. Furthermore, although investment professionals employed by Prostar will commit a significant amount of their business efforts to the Funds, they are not required to devote all of their business time to the Fund’s affairs. They may manage newly created partnerships.
- **Indemnification:** The Funds may be required to indemnify Prostar and each of its members, officers, directors, employees, stockholders, shareholders or partners and other persons who serve at the request of the General Partners on behalf of the Funds for liabilities incurred in connection with the affairs of the Funds. Such liabilities may be material. For example, in their capacity as directors of portfolio companies, the Partners, managers or affiliates of the General Partners may be subject to derivative or other similar claims brought by shareholders of such companies. The indemnification obligation of the Funds would be payable from the assets of the Funds, including the unpaid capital commitments of the Investors. If the assets of

the Funds are insufficient, the General Partners may recall distributions previously made to the Investors, subject to certain limitations set forth in the Governing Fund Documents.

## Part 9

### **Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's or investor's evaluation of the adviser or the integrity of the adviser's management. Neither Prostar nor any of its officers, directors, employees or other management persons, have been involved in any legal or disciplinary events in the past 10 years that would require disclosure in response to this Item.

## Part 10

### **Other Financial Industry Activities and Affiliations**

#### *Pooled Investment Vehicles*

Certain of Prostar's affiliates organize and sponsor the Funds, which are private pooled investment companies. Prostar will be responsible for all decisions regarding portfolio transactions of the Funds and have full discretion over the management of the Funds' investment activities.

#### *Co-Investment Vehicles*

The Funds may form co-investment vehicles managed by Prostar to invest alongside the Funds in portfolio companies where the Funds will make or have made an investment. Co-investment vehicles may be allocated a pro-rata share (relative to capital invested) of transaction fees, portfolio monitoring fees, management fees and similar payments from portfolio companies. With respect to certain co-investments, to the extent agreed upon by co-investors, Prostar may retain relevant transaction fees or portfolio monitoring fees, earn carried interest and receive a management fee that will not reduce the compensation paid to Prostar by the Funds. Co-investment entities and co-investors may present conflicts of interest. At the discretion of Prostar, co-investment opportunities may be offered to employees, third parties and/or Investors.

Expenses borne by the Funds are allocated among any parallel funds, co-investment vehicles, and other entities that comprise the Funds that shared in the activities generating such expenses.

#### *Investment Managers and Advisers*

Prostar is affiliated with several entities deemed to be investment managers and investment advisers that also have involvement with the Funds. In certain cases, employees of the affiliated investment advisers may be shared or seconded amongst the entities to perform investment management functions on behalf of the Funds.

### *Directorships*

Officers and employees of Prostar will serve as directors of certain portfolio companies and, in that capacity, will be required to make decisions that consider the best interests of portfolio companies. Conflicts of interest may present themselves between an individual's role at Prostar and their role as director of the portfolio company.

Certain Partners may also have outside business activities, such as directorships, that may take a substantial amount of their time. However, Prostar believes such outside roles benefit Prostar and the Funds by providing valuable insights into sectors relevant to the Funds' investment strategies.

### *Anchor Investor*

The Anchor Investor holds an ownership interest in a Prostar affiliate which ultimately owns and controls Prostar as noted above in Item 4 and in Prostar's Part 1A of Form ADV filed with the SEC. In having this ownership interest, the Anchor Investor may gain non-public information about Prostar's financial condition, clients, and investment positions not commonly available to any client or Investor in the Funds (as also discussed in Item 8 above). However, Prostar will generally seek to limit the Anchor Investors general knowledge of other Investors.

In addition, and notwithstanding the preceding, the Anchor Investor is the sole investor in, and has the right to nominate one or more members of the investment committee of two Funds managed by Prostar and which may invest alongside Prostar's other Funds as described below in Item 12.

The Anchor Investor may also be deemed a competitor to Prostar and the Funds as it also seeks direct investments in energy and energy infrastructure companies. When potentially competing against, or transacting with, the Anchor Investor, Prostar will seek to ensure that all transactions made on-behalf of the Funds are made at arm's length and under the fiduciary duty it owes to the Fund and Investors. Should Prostar believe a potential conflict of interest cannot be avoided, it will generally involve a Fund's limited partner advisory board, as such board exists.

## Part 11

### **Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

Pursuant to Rule 204A-1 under the Advisers Act, Prostar has adopted a written Code of Ethics (the "Code") predicated on the principal that Prostar owes a fiduciary duty to the Funds and its Investors. The Code is designed to address and avoid potential conflicts of interest and is applicable to all officers, directors, members, partners or employees of Prostar (collectively, the "Employees"), and immediate family members sharing the same household. Prostar requires its Employees to act in the Funds' best interests, abide by all applicable regulations and avoid any action that is, or could even appear to be, legally or ethically improper.

Employees must have written clearance for all securities transactions, and transactions involving initial public offerings or limited offerings (i.e., private placements) before completing the transactions. Certain designated Employees must also abide by additional blackout provisions

with regards to securities transactions. Further, Employees are prohibited from transacting in the purchase then subsequent sale, or sale then subsequent purchase, of the same (or similar) securities within 30 calendar days.

Employees are required to quarterly report personal securities transactions and initially upon employment and annually thereafter all holdings in which the Employee maintains a beneficial interest. Employees are required to promptly report Code violations to the CCO. Prostar endeavors to maintain current and accurate records of all personal securities accounts of its Employees in an effort to monitor all such activity.

Certain transactions in which Prostar engages may require, for either business or legal reasons that no Employees trade in the subject securities for specified time periods. Such securities will appear on a list (the “Restricted List”) that will be circulated to all Employees. No Employee may engage in any sort of trading activity with respect to a security or a derivative thereof on the Restricted List without obtaining prior written approval from the CCO.

Prostar, its employees or a related entity will have an investment in each Fund. For example, the General Partner for each Fund is ultimately owed by the Partners. In addition, Prostar and the General Partners will participate in the Fund’s investment program by agreeing to commit a certain percentage of the Fund’s total capital commitments or a certain amount as defined in the Fund’s governing documents. Therefore, Prostar its employees or a related entity participate in transactions effected for Funds.

A copy of the Code is available upon request by contacting the CCO listed on the cover page.

## Part 12

### **Brokerage Practices**

#### ***Best Execution***

Prostar focuses on making investments in private securities, and does not ordinarily deal with any financial intermediary such as a broker-dealer; therefore commissions are not ordinarily payable in connection with such investments. To the limited extent Prostar transacts in public securities, or other non-private equity investments (e.g., currency hedging), Prostar will seek to obtain best execution. Prostar intends to select brokers based upon the broker’s ability to provide best execution for the Funds. Prostar is generally authorized to make the following determinations, subject to each Fund’s investment objectives and restrictions, without obtaining prior consent from the relevant Fund or any Investor: (i) which securities or other instruments to buy or sell; (ii) the total amount of securities or other instruments to buy or sell; (iii) the executing broker or dealer for any transaction; and (iv) the commission rates or commission equivalents charged for transactions. The criteria Prostar considers include counterparty risk, the broker-dealer’s record of timely and proper delivery of securities and payment for trades and the broker-dealer’s expertise in the types of securities traded.

### *Soft Dollars*

Prostar does not participate in any soft dollar arrangements outside of receiving research available to other institutional investors. Research services received from brokers-dealers are supplemental to Prostar's own research effort. To the best of Prostar's knowledge, these services are generally made available to all institutional investors doing business with such broker-dealers. Prostar does not separately compensate such broker-dealers for the research and does not believe that it "pays-up" for such broker-dealers' services due to the difficulty associated with the broker-dealers not breaking out the costs for such services.

### *Referrals*

Prostar will not consider whether we, or any our related persons, receive referrals from a broker-dealer before selecting that broker-dealer to execute client transactions.

### *Allocation and Aggregation*

Prostar seeks to allocate investment opportunities that it believes are appropriate for one or more of its Funds equitably and consistent with the best interests of all Funds involved, in light of each Fund's general investment strategy and guidelines, including whether the Fund's investment mandate specifically focuses on the type of investment opportunity presented, and any applicable regulatory considerations, as well as the nature of the investment opportunities. Prostar has adopted policies and procedures designed to ensure the fair and equitable allocation of such opportunities. Generally, Prostar will allocate investment opportunities based on a *pro rata* basis as determined by committed capital, with an allowance for available cash.

## Part 13

### **Review of Accounts**

All investments are carefully reviewed and approved by each Fund's Investment Committee, which may include some or all the Partners and other persons appointed by the General Partners. The Funds' portfolio companies are reviewed on a continuous basis and investment personnel meet regularly to discuss investment ideas, economic developments, industry outlook and other issues related to current portfolio holdings and potential investment opportunities.

Investor generally receive: (i) audited annual financial statements together with a statement of an Investor's capital account and a valuation of the Fund's portfolio; (ii) unaudited quarterly financial statements together with a statement of an Investor's capital account and a valuation of the Fund's portfolio to the extent that there are material differences from the balance sheet; and (iii) annual tax information necessary to complete any applicable tax returns. The Funds also hold annual meetings with the Investors.

## Part 14

### **Client Referrals and Other Compensation**

Prostar may periodically engage third party placement agents (i.e., solicitors) to introduce prospective investors to the Funds. The fees and expenses of any third party placement agents will generally be paid by the Investors, but will reduce the Management Fee otherwise payable by Investors on a dollar for dollar basis.

A Fund will bear any out-of-pocket costs and expenses, to the extent not reimbursed by an entity in which a Fund has invested or proposes to invest or other third parties, incurred by Prostar or its affiliates on behalf of a Fund in developing, negotiating, and structuring prospective or potential portfolio companies with are not ultimately made. Such fees are commonly known as broken deal expenses. Co-investors will also bear their pro rata portion of such fees, as well, as such Other Fees as discussed in Item 5 above.

A Fund will pay all out-of-pocket offering and organizational expenses incurred with the establishment of the Fund, up to an amount stated in the Governing Fund Documents. Any amount above and beyond this stated amount will be paid by the Fund and will then be offset against the Management Fee.

Prostar may charge portfolio companies transaction fees, break-up fees, set-up fees, advisory fees, acquisition fees, financial fees, consulting fees, monitoring fees, commitment fees, and other similar fees. Also, employees of Prostar who serve on the board of directors of portfolio companies may receive compensation (in the form of cash, stock options or other equity awards) in their capacity as directors. Such direct and indirect compensation received by an employee of Prostar in his or her capacity as a member of the board of directors of a portfolio company is transferred for the benefit of the relevant Fund or applied as a reduction of the Fund's Management Fees.

## Part 15

### **Custody**

Prostar has access to client accounts (i.e., the Funds) since it or an affiliate serves as the General Partners of the Funds. Investors will not receive statements from any custodians. Instead, the Funds are subject to an annual audit by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board. The audited financial statements will be prepared in accordance with U.S. generally accepted accounting principles and distributed within 120 days of each Fund's fiscal year end to all Investors. Notwithstanding the foregoing, certain Funds' financial statements may be prepared in accordance with international accounting standards but will be reconciled with U.S. generally accepted accounting principles.

## Part 16

### **Investment Discretion**

In accordance with the terms and conditions of the Governing Fund Documents, Prostar generally has discretionary authority to determine, without obtaining specific consent from the Funds or its Investors, the securities and the amounts to be bought or sold on behalf of the Funds, and to perform the day-to-day investment operations of the Funds.

## Part 17

### **Voting Client Securities**

In accordance with its fiduciary duty to clients and Rule 206(4)-6 under the Advisers Act, Prostar has adopted and implemented written policies and procedures governing the voting of client securities.

Prostar generally invests in privately-held portfolio company investments which typically do not issue proxies. However, upon occasion, Prostar will receive proxies in connection with its publicly traded portfolio companies, in which case it is Prostar's policy to exercise the proxy vote in the best interest of its Funds, taking into consideration all relevant factors, including without limitation, acting in a manner that Prostar believes will (i) maximize the economic benefits to the relevant Fund and (ii) promote sound corporate governance by the issuer. On rare occasion, Prostar may be required to exercise a vote for a privately-held portfolio company, in which case the same procedures shall apply.

Prostar will seek to avoid material conflicts of interest between its own interests on the one hand, and the interests of its Funds on the other. However, as is typical with private equity investing, Prostar seeks and accepts the election of a Prostar representative to serve on the board of directors on behalf of its portfolio companies and will typically, but not always, vote in favor of board recommendations. Accordingly, while Prostar is generally, but not automatically, fully supportive of recommendations made by a portfolio company's board of directors with respect to proxy votes related to that issuer, it will review all proxies in accordance with its proxy voting guidelines and may or may not vote in favor of the board's recommendation.

All conflicts of interest will be resolved in the interests of the Funds. In situations where Prostar perceives a material conflict of interest, Prostar may defer to the voting recommendation of an independent third party provider of proxy services, or take such other action in good faith which would protect the interests of the Funds.

All proxies that Prostar receives will be treated in accordance with these policies and procedures. A copy of Prostar's written proxy voting policies and procedures, as well as a record of how Prostar has voted in the past, will be maintained and available for review upon written request.

Prostar does not direct the Funds' participation in class actions.

## Item 18

**Financial Information**

A balance sheet is not required to be provided as Prostar (i) does not solicit fees more than six months in advance, (ii) does not have a financial condition that is likely to impair its ability to meet contractual commitments to clients or (iii) has not been subject to any bankruptcy proceeding during the past 10 years.