
PART 2A OF FORM ADV: FIRM BROCHURE
EVERSTREAM ENERGY CAPITAL ADVISERS LLC
DECEMBER 18, 2015



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Item 1: Cover Page

Disclaimers:

This brochure provides information about the qualifications and business practices of EverStream Energy Capital Advisers LLC (the “Firm”). If you have any questions about the contents of this brochure, please contact us at (415) 780-9551 or bruce.pflaum@everstreamcapital.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about the Firm is also available on the website of the SEC at www.adviserinfo.sec.gov.

The SEC or any state regulatory authority has not passed upon the merits or level of skill of the Firm as an investment adviser nor the adequacy or accuracy of this brochure.

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Form ADV Part 2A: Firm Brochure

Version Date: March 31, 2015

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Item 2: Material Changes

The following summary of material changes are to our annual Firm Brochure dated January 27, 2014.

On March 1, 2015, we changed our structure such that EverStream Energy Capital Advisers, LLC succeeded to the business of EverStream Energy Capital Management, LLC (“EECM”). EECM was the prior registrant. There has been no practical change in control or management of our investment advisory business.

Our aggregate assets under management as of December 31, 2014 increased to approximately \$119 million from \$107 million. The amount of discretionary and non-discretionary accounts changed from approximately \$106 million and \$1.4 million to \$34 million and \$85 million, respectively.

We are updating information about material relationships with related persons that are investment advisers, sponsors, general partners, and/or managing members of our clients. We do not believe these relationships present conflicts of interest with our clients. We also include information about EECMs partial ownership of Enfinity NV, a solar project developer, and our principals’ role in the investment committee of Enfinity. There is a potential conflict of interest in that relationship if our solar project-oriented clients were to invest in the developer’s projects, which they have not done to-date. We seek to mitigate this potential conflict through client decision-making authority, for example through limited partner advisory committees, in transactions that involve this potential conflict.

SunEdison, LLC, an affiliate of SunEdison, Inc. (“SunEdison,” a publicly traded company that develops, constructs and operates solar projects) is no longer an owner of EECM. SunEdison, Inc. is indirectly an investor in one of our clients focused on investing in solar projects. Other investors of that client will have approval rights with respect to any SunEdison related transactions.

Emily Dalager is no longer Chief Compliance Officer. Bruce Pflaum, co-founder of EECM and our principal, now serves this function.

Additional, the following summary of material changes are to our last annual Firm Brochure dated March 31, 2015.

On December 18, 2015, we included additional disclosure in Items 5 and 12 about types of fees that EECM and/or its affiliates may collect and EECM’s process for allocating investment opportunities among Clients.

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Item 4: Advisory Business

4.1 Introduction

EverStream Energy Capital Advisers, LLC (“the Firm”) was formed in 2015 in the State of Delaware. The firm is succeeding in the investment advisory business of EverStream Energy Capital Management, LLC (“EECM”). EECM is our sole owner, and our ultimate indirect owners are Bruce Pflaum, Peter Lee and Carlos Domenech. The managing owners of the Firm are Bruce Pflaum, Co-Founder, Managing Partner and Chief Compliance Officer, and Peter (PJ) Lee, Co-Founder and Managing Partner (together, the “Principals”). At the direction of the Principals, the Firm’s senior management and staff manage day-to-day operations, including making all investment decisions and providing all services to the Funds and the Managed Accounts (each as defined below).

The Firm is registered with the Securities and Exchange Commission as an investment adviser, and is exempt from registration with the U.S. Commodity Futures Trading Commission (the “CFTC”).

The Firm has two current areas of focus: (1) solar power plants, and (2) new markets for natural gas (liquefied natural gas (LNG) and compressed natural gas (CNG) sales, storage, transportation and related equipment). The Firm advises institutional, energy infrastructure focused private equity funds (the “Funds”) and semi- and non-discretionary separately managed accounts (the “Managed Accounts”). Typically, the Funds and Managed Accounts acquire an equity/control interest in project companies that own solar power plants with contract off-take for power production. Funds that focus on this strategy are referred to herein as “Solar Funds”. Our only discretionary Solar Fund currently is Everstream Solar Infrastructure Fund, LP (“SIF”). In the case of natural gas, the Funds and Managed Accounts acquire an equity/control interest in project companies that own LNG- or CNG-related equipment and provide services to facilitate the leasing of this equipment. Funds that focus on this strategy are referred to herein as “Natural Gas Funds.”

4.2 Description of Advisory Services

A Fund or Managed Account is referred to herein as a “Client” and, collectively, the “Clients”). The Firm, as investment adviser, provides investment advisory services directly or through related persons to its Clients, which employ the aforementioned investment strategies. In its capacity as investment adviser, the Firm generally has discretion to identify and execute investments on behalf of the Clients. The Firm allocates the assets of each Client in accordance with the Client’s specific investment objectives and strategy. Investors or limited partners in the Funds are not “clients,” unless they enter into distinct investment advisory agreements with the Firm.

Acting as investment adviser, the Firm (i) identifies and negotiates investment opportunities for the Clients, and (ii) participates in the management, monitoring and disposal of the Clients’ investments. With respect to investors in the Funds and Managed Accounts, except for an initial determination of an investor’s suitability to invest in a Fund, the Firm does not base its investment decisions on the individual needs of investors, and provides analyses of

investments directly to the Funds. In some cases with respect to Managed Accounts, the Firm provides analyses of investments directly to the holders of the Managed Accounts.

4.3 Structure of Pooled Investment Vehicle Clients

Each Fund may be organized as a limited partnership or limited liability company under the laws of the State of Delaware or under the laws of a foreign jurisdiction. An affiliate of the Firm generally acts as the General Partner or Managing Member of each Fund. Limited partnership or membership interests in the Funds are offered privately to investors in reliance on the exemption provided by Regulation D or, in some cases, Section 4(a)(2) of the Securities Act of 1933, as amended (the “Securities Act”), and similar provisions under state securities laws. In addition, the Funds are not registered with the SEC as an investment company under the Investment Company Act of 1940, as amended (the “Company Act”) in reliance on an exemption therefrom. Accordingly, interests in the Funds are sold exclusively to investors who satisfy applicable eligibility and suitability requirements.

4.4 Discretionary Authority

The Firm has discretionary or nondiscretionary authority over the investments made by each of the Funds and some of the Managed Accounts. Discretionary authority allows the Firm to execute investment transactions on each Fund’s behalf, determining which assets and the amount of assets to buy or sell.

The Firm also has the authorization to automatically deduct its advisory fee from the Funds’ and accounts, as well as to deduct amounts from the Funds’ bank accounts to reimburse the Firm for expenses that were incurred by the Firm or its affiliates in the management of the Funds.

4.5 Wrap Fee Programs

As of the date of this brochure, the Firm does not participate in any “wrap programs” (i.e., programs that bundle brokerage and advisory services under a single comprehensive fee).

4.6 Assets under Management

As of December 31, 2014, the Firm had aggregate regulatory assets under management, as defined in the instructions to Part 1A of Form ADV, of approximately \$119 million, \$34 million of which was managed on a discretionary basis and \$85 million of which was managed on a non-discretionary basis.

Item 5: Fees and Compensation

5.1 Advisory Fees and Compensation

In consideration for the Firm or certain related persons serving as the investment manager of the Solar Funds and bearing certain overhead expenses, each Solar Fund pays the Firm an advisory fee of up to 2% of the capital commitments of the Fund, payable in arrears at the end of each quarter. The Firm or certain related persons have a similar arrangement with the Natural Gas Funds. For a Managed Account, the advisory fee is typically equal to no more than 2% of

the net asset value of the account. The Firm or its related persons collect advisory fees by causing the applicable amount to be transferred from a Client's bank account to the Firm's or its related persons' bank account. Clients also pay the Firm or its related persons a performance-based fee as described below under "Item 6— Performance-Based Fees and Side-by-Side Management". With respect to one Natural Gas Fund and one Managed Account, the Firm received equity compensation in lieu of cash for its advisory services.

5.2 Reimbursement of Fund Expenses

The Firm (or an entity designated by the Firm) is responsible for overhead expenses incurred in connection with providing advisory services to the Clients, including office rent; furniture and fixtures; secretarial/administrative services; salaries; and employee insurance and payroll taxes. These costs are not borne by the Clients, and are not reimbursable to the Firm. Expenses are paid by the Clients to the extent permitted by their written advisory agreements or by their governing Fund documents. The Firm is reimbursed by the Client for any expenses that are advanced by the Firm on behalf of the Client. In cases where expenses are allocable to one or more Clients, the Clients seeks to apportion the expenses among Clients in good faith based on the relative amounts invested by the Clients and other reasonable factors.

Investors in the Funds should carefully review the Funds' governing documents for a description of the fees and expenses associated with each Fund.

5.3 Prepayment of Fees

Clients' advisory fees are sometimes paid in arrears at the end of each quarter, in which case such Clients do not prepay advisory fees. Offering documents and operating agreements may also allow for management fees to be paid at the beginning of each quarter, or to be paid in whole over a course of time that is shorter than the length of the expected advisory relationship. With respect to service fees described in Section 5.4 below, such fees are generally payable upon performance of the services or upon commencement of the obligation to perform such services.

5.4 Other Fees and Expenses

If permitted under the terms of a Fund's offering documents, the Firm (or an entity designated by the Firm) may receive services fees related to the operations of such Fund's investments, or break-up fees and other similar fees associated with investments or proposed investments or commitments made by the Fund ("Other Fees"). More specifically with respect to services fees, our Natural Gas Funds' offering and operating documents provide for such funds to pay fees related to their purchases of natural gas equipment and management of leases of such equipment.

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

In addition to the advisory fees received by the Firm, the Firm and/or an affiliate of the Firm, receives a share of profits (referred to as a "carried interest") from the Clients of a target of 20% of net profits. For Funds, this performance fee is allocable and payable generally at the end

of each fiscal year through a reallocation of the Funds' net profits (which reflect the deduction of advisory fees and expenses) directly to the capital accounts of the performance fee recipient(s) after all capital has been returned to the investors. Such persons only receive performance-based fees directly from the Funds themselves, and not any investors in the Funds. For Managed Accounts, performance fees are deducted directly from the Managed Account at the end of each fiscal year or as may be set forth in specific agreements, and based on net profits for the fiscal year or, if agreed to by the investor, are paid separately by the investor in lieu of being deducted from the Managed Account. Generally, performance-based fees are subject to a preferred return (currently 8% per annum for SIF) such that a performance fee is not allocated until the investor has received the requisite fixed internal rate of return.

Because the Firm and its related persons, including the Principals, may receive a performance fee from Clients, the Firm may have an incentive to cause Clients to invest in an asset which is riskier than might be the case in the absence of such an incentive. The Firm seeks to mitigate this risk by limiting the proportion of capital invested in a particular asset and by seeking to achieve broad diversification of assets. In addition, the Firm has an internal process of analysis, due diligence and monitoring review prior to investment.

Item 7: Types of Clients

The Firm's Clients include both Funds, Managed Accounts, and investors in the Funds if they have distinct advisory agreements with the Firm.

The Fund's target investor base generally includes institutional investors such as corporations, insurance companies, pension fund, endowments, foundations, multi-family investment offices, family offices and family trusts, as well as high-net-worth individuals.

Generally, investors must be "accredited investors" as that term is defined in Rule 501 of Regulation D under the Securities Act and, if they are charged a performance fee, "qualified clients" for purposes of the Investment Advisers Act of 1940, as amended (the "Advisers Act"). Because the Funds are not registered under the Company Act, investors must meet certain qualifications to permit reliance by the relevant Fund on an exemption from such registration. To permit compliance with these laws and regulations, investors are required to make representations and warranties regarding their suitability. Funds and Managed Accounts have designated minimum investment amounts, which may be waived by the Firm.

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

8.1 *Methods of Analysis*

The Firm primarily targets investments in (1) solar power plants, and (2) new markets for natural gas (liquefied natural gas (LNG) and compressed natural gas (CNG) sales/storage/related equipment). The Firm draws upon the complementary strengths, experience and investment performance of its entire management team, including its Principals and Directors.

Investment decisions are reviewed at multiple levels for each Client. The Firm's Investment Committee, which is comprised of the Principals, must approve each investment of a Client.

8.2 *Investment Strategies*

The Firm's primary objectives are to generate significant returns for Clients by investing in (1) solar power plants, and (2) new markets for natural gas (liquefied natural gas (LNG) and compressed natural gas (CNG) sales/storage/related equipment). Each Client's investment strategy is discussed in greater detail in its respective private placement memorandum (in the case of Funds) or investment advisory agreement (in the case of Managed Accounts).

8.3 *Risk of Loss*

Investments in any of the Funds or via a Managed Account platform involve a certain degree of risk. There is no assurance that a Client's investment objectives will be achieved and investment results may vary from year to year. All Client investments risk the complete loss of capital. In the case of Clients that are Funds, in addition to the risks discussed below, each Fund's private placement memorandum includes a discussion of the risk applicable to the Fund and its particular investment program. Certain of the more significant risks shared by most Clients are discussed briefly below:

- *Illiquidity and Long Holding Period.* Investors in the Funds have no redemption rights, and their ability to sell their partnership interests to third parties might be limited. The Funds typically have terms exceeding ten years, though we may in some instances negotiate shorter terms. Investors, therefore, should be financially able to hold their investments for the long term. Also, the Firm's investments generally lack liquidity and long holding periods, which will limit the ability of the Firm to make distributions on the investments for substantial periods of time.
- *Lack of Diversification.* The portfolios of the Funds typically hold fewer discrete investments than managed public securities portfolios such as mutual funds. Furthermore, the Funds have focused investment objectives and, accordingly, have concentrated exposure to particular sectors. The ability of a Fund to make direct investments further increases its portfolio concentration.
- *Lack of Ability to Participate; Key Personnel.* Investors typically have no right or power to participate in the Firm's investment decisions and thus must depend solely upon the ability of the Firm to make investments and otherwise manage the enterprise. Investors must rely on the abilities and background of the Firm's management team and personnel; accordingly, the loss of key personnel could have an adverse impact on a Client's returns.
- *Unspecified Use of Proceeds; Limited Recourse.* Investors generally will not know what specific investments will be made at the inception of the relationship. Fund investors have limited rights to withdraw their capital from a Fund, cease to make further capital contributions or terminate the Firm as investment adviser, even if they are dissatisfied with the investments made or investment results. The governing documents of the Funds (and investment managed agreements for the Managed Accounts) contain provisions limiting the Firm's and its affiliates' liability, and provide for broad indemnification of the Firm and its affiliates against liability, all subject to the requirements of applicable law, including the federal securities laws.

- *Investments outside the United States.* Investments in companies based outside the United States involve additional risks, including: currency fluctuation; less robust banking and other financial systems; less reliable financial reporting; less developed judicial and regulatory regimes; potential for restrictions on repatriation of investments or confiscatory taxation; and potential political or economic instability.
- *Management Fees and Expenses.* Clients bear management fees and expenses. The investment return on the underlying investments therefore must be sufficient to offset both levels of fees and expenses before investors will earn a positive investment return. In addition, to the extent a management fee is based on committed rather than invested capital, investors pay management fees on both called and uncalled capital, resulting in high effective fee rates (i.e., fees on invested capital) at the beginning of an investment when little capital has been called and invested. Because of the extensive due diligence and ongoing management activity required for many private equity investments, expenses aside from management fees are generally higher than those of portfolios invested in public markets.
- *Certain Conflicts of Interest.* The Firm provides advisory services to a number of Clients, which may give rise to conflicts of interest. The investment objectives of existing or new Clients could overlap. To the extent an investment opportunity is appropriate for multiple Clients, the Firm will allocate opportunities to each Client for which the investment is suitable in a fair and equitable manner in accordance with its then existing allocation policies and applicable governing documents. The Firm's policy regarding allocation of opportunities may result in a Client participating in an investment to a lesser extent than would otherwise have been the case.
- *Risks Related to the Energy Industry.* The companies in the energy industry in which the funds invest are inherently subject to numerous risks arising from their operations. For example, companies in the solar sector face various risks including, without limitation: (i) price fluctuations in traditional energy sources, such as coal, natural gas, oil and hydropower; (ii) changes in government policies toward the solar power industry and alternative energy industry generally, including decreases in, or termination of, tax subsidy programs; (iii) project construction risk; (iv) adverse changes in input prices, particularly for PVP cells; (v) natural disasters and accidents that could damage facilities; (vi) grid stability or capacity issues, and (vi) technological obsolescence. Companies involved in the production and transportation of natural gas and gas liquids face risks that include, without limitation: (i) the uncertainty of estimating hydrocarbon reserves and their value; (ii) the risks of conducting drilling operations (including risks of substantial losses to properties, bodily injury and environmental damage arising from operations that do not proceed as planned and the risk of failing to find commercially productive reserves); (iii) risks associated with the marketing of hydrocarbon production; (iv) risks of compliance with increasingly burdensome environmental regulations and other regulations governing the production of natural resources; (v) geopolitical risks associated with governments who play significant roles in the production and distribution of natural resources; and (vi) risks of catastrophic and other force majeure events.
- *Use of Pooled Investment Vehicles.* Investors in a pooled investment vehicle that is

structured as a partnership for U.S. federal income tax purposes (like the Funds) should be aware that their investment in such a partnership might create taxable income or tax liabilities (so-called “phantom income”) in excess of cash distributions that are available from the partnership to pay such liabilities. Also, investors in one Fund may have divergent interests vis-à-vis investors in another Fund due to variations in terms among the Fund. For example, investors in one Fund may pay different fees and other charges, and may not have the same liquidity or redemption options as investors in other investment vehicles. Funds may also have different investment restrictions that make some investments available to one Fund when it is not available to another Fund. In addition, investors who hold their interests in investments via pooled investment vehicles may receive less information and have less favorable liquidity and termination rights compared to those who invest through direct, managed account arrangements. Each Fund is likely to have a diverse range of investors that may have conflicting interests that stem from differences in investment preferences, domicile, tax status and regulatory status.

Item 9: Disciplinary Information

There is nothing to report in this section.

Item 10: Other Financial Industry Activities and Affiliations

10.1 Broker-Dealer Registration

The Principals are not registered with the SEC as broker-dealers or registered representatives.

10.2 Commodity Pool Operator, Commodity Trading Adviser, Futures Commission Merchant Registration

The Firm is exempt from registration with the Commodity Futures Trading Commission (“CFTC”) as a commodity pool operator (“CPO”), a commodity trading adviser (“CTA”) or a futures commission merchant (“FCM”), although it may register as a CPO and/or CTA in the future.

10.3 Other Material Relationships

Generally, the Firm establishes a separate Delaware partnership or limited liability company to serve as the general partner and/or managing member of each Fund that it sponsors. In all cases, these general partner or managing member entities are controlled by the Principals. These include:

- (i) ES NPV, GP, LLC (“ES NPV GP”). ES NPV GP is the general partner and an investment adviser to a pooled investment vehicle, ES NPV Holdings, LP (“ES NPV Holdings”). SIF and an unrelated co-investor are partners of ES NPV Holdings. ES NPV Holdings’ purpose is to invest in solar projects in Japan. ES NPV GP is a “relying

adviser” of the Firm for purposes of our Form ADV, pursuant to the “American Bar Association, Business Law Section” No Action Letter dated January 18, 2012 and on file with the SEC (the “No Action Letter”).

- (ii) EverStream Solar Infrastructure Fund I GP, LP, which is the general partner of SIF.
- (iii) Administradora Claro-EverStream SA, a Chilean corporation (“Administradora”). Administradora is the managing member of and provides investment advice to a single-purpose Chilean pooled investment vehicle, Fondo de Inversion Privado Helios (“FIP Helios”). FIP Helios co-owns a solar power project in Chile through a single-purpose holding entity, San Andres Holding, SPA, a Chilean company (“San Andres Holding”). SIF is an investor in FIP Helios. All other owners of FIP Helios are Chilean persons. Other owners of FIP Helios are (a) an unrelated Chilean company with whom Administradora has a separate advisory relationship, and (b) an affiliate of SunEdison. We share control of Administradora with a Chilean investment manager. SIF is the only U.S. investor in FIP and, indirectly, in San Andres Holdings. Administradora is exempt from registration with the SEC as a foreign private adviser.
- (iv) NewPath Energy Capital, LLC (“NewPath”). EECM is a 55% member and our Director, Eric Larson, is a 45% member. NewPath provides investment advice to our Natural Gas Funds and is a “relying adviser” of the Firm for purposes of our Form ADV pursuant to the No Action Letter.

The Firm does not believe that any material conflicts of interest result from its relationships with the above entities.

In addition, EECM indirectly owns 50% of Enfinity NV, a solar project developer operating in Europe and Asia. Our Principals serve on the investment committee of Enfinity NV. There is a potential conflict of interest in this relationship to the extent that SIF or another Solar Fund would purchase solar projects from Enfinity, because EECM could benefit from such sale separately from any fees due to the Firm from Clients. We seek to mitigate this conflict by providing certain fee offsets and LPAC (defined below) approval rights.

10.4 Other Financial Industry Activities or Affiliations

The Firm does not recommend or select other investment advisers for Clients. In addition, the Firm does not receive compensation directly or indirectly from other investment advisers and does not have other business relationships with other investment advisers.

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

The Firm has adopted a Code of Ethics for all supervised persons, as defined for Advisers Act purposes, of the firm describing its high standard of business conduct, and fiduciary duty to its Clients. The Firm’s Code of Ethics includes provisions relating to the confidentiality of Client information, a prohibition on insider trading, reporting of certain gifts and business entertainment items, personal securities trading procedures, the allocation of investment opportunities among Clients, trading by personnel in securities also held by Clients, and cross-trades between Clients, among other things. All Firm employees must acknowledge the terms of the Code of Ethics

annually, or when it is amended. Investors may request a copy of the firm's Code of Ethics by contacting the Firm's Chief Compliance Officer, Bruce Pflaum, bruce.pflaum@everstreamcapital.com.

11.1 Conflicts of Interest

In certain cases, during the course of identifying investment opportunities for Clients, the Firm may encounter what it considers an attractive investment with limited capacity available and/or that is suitable for more than one Client. If such an investment opportunity satisfies the investment criteria of, and is permissible for, more than one Client, the Firm will seek to allocate the investment opportunity among Clients in a manner which is fair and equitable under the circumstances and in accordance with its Code of Ethics and the governance documents of the Funds or Managed Accounts. The Firm manages other actual and potential conflicts of interest, including co-investments, participation by Principals and other related persons in Client transactions, trading by such persons for their own accounts and cross-trades among Clients, in accordance with the Firm's Code of Ethics.

Officers, employees and other affiliates of the Firm may serve as directors (or in a similar capacity) of certain portfolio companies and, in that capacity, will be required to make decisions that they consider to be in the best interests of such portfolio companies and their equity holders. In certain circumstances, for example in situations involving an extraordinary transaction such as a merger or acquisition, or a bankruptcy or near-insolvency of a portfolio company, actions that may be in the best interest of the portfolio company may not be in the best interests of the Funds, and vice versa. Accordingly, in these situations, there will be conflicts of interests between such individual's duties as an officer, employee or affiliate of the Firm and such individual's duties as a director of the portfolio company. Any such relationships are also subject to the Firm's Code of Ethics.

SunEdison, a publicly traded company that develops, installs and operates solar and wind projects, is an investor in SIF. We believe the Firm's relationship with SunEdison is beneficial to the Firm's Clients and does not present a material conflict of interest. Any potential conflict in the purchase of solar projects from SunEdison by SIF is mitigated by LPAC approval rights in SIF. SunEdison is majority owner of Terraform Power, Inc. ("Terraform"), itself a publicly traded company that acquires and owns cash-flow generating solar and wind energy projects. Carlos Domenech, Chief Executive Officer, President and Director of Terraform, is also one of our indirect owners and co-founder of EECM. We do not believe this relationship presents a material conflict of interest because Mr. Domenech does not play any management or decision-making role in our business or that of our Clients, we have different management and economics incentives than Terraform, and LPAC approval rights of transactions in which SunEdison affiliates have equity or debt interests. In addition, we believe our relationship with Terraform is a source of strength in terms of providing potentially attractive liquidity to our Clients from sales of investments into Terraform.

11.2 Limited Partner Advisory Committee ("LPAC") Approvals

An LPAC is generally established for each Fund. The Firm is in the process of doing so for SIF. Each LPAC will include representatives of investors that are not affiliated with the Firm.

While the LPAC will not have a direct role in management of the Funds, it may be called upon to resolve potential conflicts of interest presented to it by a Fund's general partner or manager, such as a cross-fund investment, described below, or certain related party transactions. The Firm prepares materials and presentations for the LPAC with respect to any matters requiring their approval and the consents of members required to be received are generally documented via written or email communications.

Item 12: Brokerage Practices

12.1 Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions

The Firm, by nature of its private equity focus, invests primarily in private companies. On occasion, however, the Firm may take a portfolio company public or merges a portfolio company into a public company for cash and/or publicly-traded securities. As part of an exit strategy, any publicly-traded securities acquired on behalf of a Fund may be sold in the public markets.

When the Firm decides to transact in publicly-traded securities in the open market as part of a portfolio company acquisition or exit strategy, investment professionals will evaluate strategies for trading in such public securities. Strategies may include holding securities over the short or long term, selling securities over the short or long term, or distributing securities to investors, among other things. The investment professionals will seek "best execution" for any open market purchase or sale of securities in connection with the implementation of these strategies.

"Best execution" is not synonymous with lowest brokerage commissions or other transaction costs. In determining whether a particular broker-dealer is likely to provide best execution in a particular transaction, the Firm takes into account all factors that it deems relevant to the broker-dealer's execution capability, which may include, but not be limited to the following: listed bids and asks; market making activities of the broker-dealer in the securities; the opportunity for price improvement; transaction costs; anonymity; liquidity; speed of execution; expertise with difficult securities; trading style and strategy; geographic location; and frequency of errors.

Section 28(e) of the Securities Exchange Act of 1934 provides a safe harbor that allows an investment adviser to pay more than the lowest available transaction cost in order to obtain brokerage and research services (commonly referred to as a "soft dollar" arrangement). While it does not currently do so, in the future the Firm may receive products or services from broker-dealers and other counterparties that to the company's knowledge are generally made available to all institutional clients doing business with these counterparties, provided that these products and services are made available to the Firm on an unsolicited basis and without regard to transaction costs paid by the funds or the volume of business the company directs to these counterparties.

12.2 Order Aggregation

Order aggregation is not currently an issue for the Firm, as on the rare occasion it executes a trade in publicly traded securities, it only do so for one Client at a time. In general and in accordance with the Firms' Order Aggregation Policy, should two or more Clients need to

engage in a transaction for the same security based on their investment objectives, the Firm will aggregate the order where doing so provides for best execution and more favorable commission rates or other brokerage costs than if the transaction were entered separately for each Client.

Please refer to the Code of Ethics section above for further information on how the Firm may allocate limited investment opportunities among clients.

As a matter of policy, in the event that two or more Clients are able to make or divest an investment at the same time, the Investment Committee considers various factors relevant to the particular transaction, which may include the investment objectives of each Client, the capital commitments available for investment by each Client, and the allocation rules (if any) set forth in each Client's investment management agreement or governing documents. The Investment Committee will seek to make an allocation that is fair to all Clients.

Item 13: Review of Accounts

13.1 Review of Accounts

Fund investments are reviewed on a continuous basis by the Firm's investment team. These reviews are designed to monitor and analyze the transactions, positions, and investment levels. Particular attention is given to changes in the condition of a company, fundamentals, industry outlook, market outlook, and price levels. Generally, these reviews are performed by the Principals with the support of supervised persons.

13.2 Factors Triggering a Review

The Firm also performs reviews of the Fund's investments as appropriate based on, among other things, changes in market conditions, changes in security positions or changes in a Fund's investment objectives or policies.

13.3 Client Reports

The Firm provides Fund investors with audited annual financial statements and unaudited interim financial information in accordance with the terms set forth in each Fund's private placement memorandum and organizational documents. Managed Account investors are provided with account statements directly by the custodian they have appointed.

Item 14: Client Referrals and Other Compensation

14.1 Other Compensation

No person who is not a client of the Firm provides an economic benefit to the Firm for providing investment advice or other advisory services to the Firm's clients.

14.2 Compensation for Client Referrals

The Firm currently does not have an arrangement for receiving compensation for referring clients to other advisers or other investments not under the Firm's supervision.

Certain persons who assist the Firm with the offering of limited partnership or membership interests in the Funds may be paid sales charges and other compensation, which may, in the discretion of the Firm, be borne by specific investors in the Fund, by the Fund itself or by the Firm and its affiliates. Investors will be informed of any such compensation arrangements prior to their admission to the Fund. The Firm will only compensate financial professionals that are licensed as broker-dealers, broker-dealer representatives or licensed agents, or demonstrate some exemption from licensing. Currently, the Firm offers interests in SIF through BHA Select Network, LLC, a FINRA-licensed broker-dealer that is not related to the Firm, and TCP Corporate Advisory Limited, located in Dubai International Finance Center. The Firm may also offer interests in the Funds through other third-party FINRA-licensed broker-dealers or broker-dealer representatives.

Item 15: Custody

The Firm conducts all business operations in such a way that each Fund's cash and securities, other than privately offered non-certificated securities, will be preserved in the safekeeping of independent qualified custodians. An independent public accountant audits the Funds annually, and the audited financial statements are distributed to the investors of Funds. With Managed Accounts, all cash and securities in the Managed Account are held with independent qualified custodians.

If the Firm has custody of Client assets and the Clients do not undergo a financial audit in accordance with generally accepted accounting principles, the Firm will seek to ensure that the Managed Accounts or investors receive statements from qualified custodians at least quarterly.

Item 16: Investment Discretion

By executing a Fund's organizational documents or a Managed Account's discretionary investment management agreement, Clients grant the Firm power of attorney and discretionary authority to act on the investor's behalf in managing the Fund's or Managed Accounts investments, subject to any limitations in such documents. We do not have full discretionary authority over the accounts of many of our Clients, for example because they are our Clients with respect to a single investment, investors in our Clients have approval rights with respect to some or all investments, and/or investors in our Clients or Client governance documents dictate investment horizons of our Client's investments.

Item 17: Voting Client Securities

For any security held by a Client that entails a voting right in the underlying company, the Firm will have authority to vote securities, unless directed otherwise by a Client. All voting issues, proxies, and solicitations will be decided by the Firm in its capacity as investment adviser. If the Firm detects a material conflict of interest in connection with a prospective vote, the Firm will take steps to ensure that its voting decision is based on the best interests of Clients and is not a product of the conflict. The Firm may seek the advice of an LPAC and/or take other action in good faith (in consultation with the Firm's outside counsel) which would serve the best interests of Clients.

The Investment Committee will determine on a case-by-case basis whether Clients will participate in class actions.

Item 18: Financial Information

No management fees are payable to the Firm by Clients more than six months in advance. As such, the Firm is not required to include herein its balance sheet for the most recent fiscal year or disclose information about its financial position. Nonetheless, the Firm is not aware of any financial conditions that are reasonably likely to impair its ability to meet its contractual obligations to its Clients. The Firm has never been the subject of a bankruptcy petition.