

**Part 2A of Form ADV  
Firm Brochure**

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**This Brochure provides information about the qualifications and business practices of American Infrastructure Partners, LLC (“American Infrastructure”). If you have any questions about the contents of this Brochure, please contact the Chief Compliance Officer at 650-854-6000 or by email at [compliance@aimlp.com](mailto:compliance@aimlp.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.**

**Additional information about American Infrastructure is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## **ITEM 2 – MATERIAL CHANGES**

This is American Infrastructure’s initial Form ADV Part 2A (the “Brochure”) which has been submitted with our application for registration with the SEC; therefore, there are no material changes to report. In the future, when we amend the Brochure for its annual update and the amended version contains material changes from the prior version, it will identify and discuss those changes either on this page or as a separate document accompanying the Brochure.

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## **ITEM 4 – ADVISORY BUSINESS**

American Infrastructure was organized as a Delaware limited liability company in 2018. American Infrastructure continues the infrastructure-focused advisory business of its predecessor registered investment adviser, American Infrastructure Funds, L.L.C. (“AIM”), as further described in Item 10 below. American Infrastructure provides discretionary investment advice and administrative and ministerial support to pooled private investment vehicles, typically organized as Delaware limited partnerships (the “Funds”) and pooled co-investment vehicles typically organized as Delaware limited liability companies or Delaware limited partnerships (the “Co-Investment Vehicles” and together with the Funds, the “Advisory Clients”). The Advisory Clients are not registered under the Investment Company Act of 1940, as amended (the “Investment Company Act”), and the securities of the Advisory Clients are not registered under the Securities Act of 1933, as amended (the “Securities Act”). The Advisory Clients make primarily private investments in infrastructure and real property-based assets and businesses that seek to generate attractive current yield with significant potential for long-term capital appreciation.

American Infrastructure’s advisory services consist of investigating, identifying and evaluating investment opportunities, structuring, negotiating and making investments on behalf of the Advisory Clients, managing and monitoring the performance of such investments and disposing of such investments. The Funds have limited terms, at the conclusion of which final distributions will be paid to investors. The Co-Investment Vehicles are generally open only to investors in the Funds (“Fund Investors”), though American Infrastructure (and its affiliates) has the right to and may make exceptions in the future.

Affiliates of American Infrastructure serve as the respective general partners or managers of the Funds and Co-Investment Vehicles (as applicable) (collectively, the “GPs”). Each GP is a related person of American Infrastructure and is under common control with American Infrastructure.

Each Advisory Client is governed by a limited partnership agreement or a limited liability company agreement, as applicable (the “Governing Documents”) that specify the investment guidelines and restrictions applicable to the Advisory Client. In addition, the private placement memoranda or similar offering documents prepared for the Investors of each Advisory Client also contain information regarding the intended investment program for such Advisory Client. American Infrastructure, together with the GPs, provides investment management and administrative services to the Advisory Clients in accordance with the applicable Governing Documents and private placement memoranda or other offering materials. Each of the GPs retains management authority over the business and affairs, including investment decisions, of the Advisory Clients for which it serves as general partner or manager.

The Investors in the Advisory Clients are “accredited investors” (as defined in Regulation D under the Securities Act) or “qualified purchasers” (as defined in the Investment Company Act), and may include, among others, high net worth individuals, trusts, estates, limited partnerships and limited liability companies.

It should be noted that each of the GPs has full and exclusive management authority over all investments, asset dispositions, distributions, and other affairs of its respective Fund or Co-

Investment Vehicle. While the GPs maintain ultimate discretionary investment authority over the respective Advisory Client assets, American Infrastructure has been delegated the role of investment adviser to the Advisory Clients pursuant to certain Investment Management Agreements between American Infrastructure and the GPs (the “Management Agreements”).

The GPs and their members will be subject to the Investment Advisers Act of 1940 (the “Advisers Act”) and rules thereunder, and to all of American Infrastructure’s compliance policies and procedures, including but not limited to American Infrastructure’s code of ethics, conflict of interest, insider trading, personal securities transactions reporting, and recordkeeping policies and procedures. Each of the members of the GPs will be deemed “persons associated with” American Infrastructure (as defined in section 202(a)(17) of the Advisers Act) and will be subject to SEC examination. As such, references to American Infrastructure in this Brochure should also be considered references to the GPs in the appropriate context.

Currently, American Infrastructure advises only one Fund, the American Postal Infrastructure Fund, L.P. (or the “Postal Fund”), a Delaware limited partnership. The following describes the nature of American Infrastructure’s advisory services with respect to its Advisory Clients:

#### American Postal Infrastructure Fund, L.P.

The American Postal Infrastructure Fund, L.P. was established to make acquire, consolidate, and improve privately owned U.S. postal facilities and seeks to deliver both attractive current income and equity returns to Fund Investors.

#### Co-Investment Vehicles

The Co-Investment Vehicles are pooled investment vehicles which co-invest with Funds in deals which have investment opportunities exceeding the capacity of the Funds. The Co-Investment Vehicles will generally be open only to Investors in the Funds, though American Infrastructure may in the future permit certain other investors to invest in the Co-Investment Vehicles. Investors in Co-Investment Vehicles are referred to herein as “Co-Investors”, and together with Fund Investors, are referred to as the “Investors.” American Infrastructure and/or the GPs have sole discretion regarding when to create a Co-Investment Vehicle that will invest alongside a Fund. American Infrastructure organizes a Co-Investment Vehicle to co-invest with a Fund in a particular investment when American Infrastructure determines in good faith that the available investment opportunity exceeds the total amount that is in the Fund’s best interests to invest.

As noted above, the only clients of American Infrastructure are the Funds and Co-Investment Vehicles. American Infrastructure tailors its investment advice to each such Advisory Client in accordance with the Advisory Client’s investment objectives and strategy as set forth in the relevant Governing Documents and confidential private placement memorandum or other offering document. American Infrastructure does not tailor its advisory services to the individual needs of Investors in its Advisory Clients, and Investors may not impose restrictions on investing in certain securities or types of securities.

The Investors in each Advisory Client are able to negotiate the terms of the applicable Governing Documents only in connection with their investments in such Advisory Client at the time of its organization, but the relevant GP may enter into side-letter terms with a particular Investor.

American Infrastructure does not participate in wrap fee programs.

Robert B. Hellman, Jr. is the principal owner of American Infrastructure. As of September 30, 2018, American Infrastructure manages \$0 of Advisory Client assets.

## **ITEM 5 – FEES AND COMPENSATION**

American Infrastructure is compensated through the payment of management fees and performance-based compensation by the Funds. The specific terms relating to the fees paid by each Fund, summarized below, are negotiated by the Investors in such Fund at the time of its formation, and as such, may vary from Fund to Fund. Following the formation of a Fund, fees are generally not negotiable.

### **Management Fee**

American Infrastructure receives an annual management fee (“Management Fee”) from each Fund that is paid quarterly in advance, with fees for any period shorter than a full quarter being prorated for such quarter.

With respect to the Postal Fund, the Quarterly Management Fee is equal to 0.25% of the Fund’s aggregate capital commitments of the Fund Investors and an incremental 0.125% of the Fund’s aggregate capital contributions as of the time a quarterly installment is to be paid.

The Management Fee is deducted from each Fund’s assets, pursuant to the relevant Management Agreements and Governing Documents. Neither the Funds nor any of the Investors have the ability to choose to be billed directly for fees incurred.

Investors are generally not permitted to withdraw from a Fund prior to such Fund’s dissolution, and may not transfer any of their interest, rights or obligations under the Fund without the prior written consent of the respective GP. The Management Fee obligation of a Fund may be terminated only in connection with the dissolution of that Fund. Pursuant to the Management Agreements, in the event of an early termination of a Fund mid-quarter, a pro-rated portion of the Management Fee paid in advance of the fiscal quarter in which such termination occurs would be returned to the applicable Fund.

### **Carried Interest Allocation**

In addition, as described in further detail in Item 6 below, the GPs receive a performance allocation (commonly referred to as “carried interest”) in the form of a portion of the Funds’ investment profits (generally 20%) once all capital contributions have been returned to the Investors (pursuant

to the detailed terms as described in each Fund's Governing Documents). The carried interest is generally paid to the relevant GP when earned. The carried interest allocation with respect to the Postal Fund is also subject to a 6% preferred return which each Investor must receive prior to the GP being eligible to receive any carried interest allocation, as more fully described in its Governing Documents.

It is possible in the future that a Co-Investment Vehicle may pay management fees and/or performance-based fees to American Infrastructure or one of its affiliates.

### **Other Fees and Expenses**

Advisory Clients pay a variety of expenses attributable to their ongoing activities and operations, including, but not limited to, the following costs and expenses related to the acquisition, ownership, and disposition of investments:

- brokerage fees and commissions;
- general research expenses and other expenses relating to the investigation and evaluation of investment opportunities (whether or not consummated);
- fees and charges incurred in connection with the maintenance of bank or custodian accounts;
- interest on margin accounts and other indebtedness;
- withholding and transfer fees;
- clearing and settlement charges;
- professional fees and expenses of consultants, experts and other persons engaged to provide advice relating to investments (including senior advisors and other consultants who are not employees or affiliates of American Infrastructure, as described above);
- out-of-pocket expenses of transactions not consummated;
- taxes, fees and other applicable governmental charges;
- travel expenses;
- legal, accounting, audit and tax preparation expenses (including services that are performed and/or equipment that is used by a designee or agent of the respective GP);
- reimbursements to the respective GP or its affiliates for insurance premiums relating to Advisory Client operations;
- private placement fees and finder's fees (except to the extent such fees are offset against the applicable Advisory Client's management fees or repaid by the applicable GP to such Advisory Client); and
- other similar expenses related to the Advisory Client or any extraordinary expenses as the GP or American Infrastructure determines in its sole discretion.

In accordance with the applicable Advisory Clients' governing documents, any investment-related expense that is eligible to be chargeable to Advisory Clients (as described above), will generally be allocated among the Advisory Clients (including parallel funds, as applicable) to which such expense relates on a pro rata basis relative to the amount of capital invested in such investment transaction, or if the investment transaction is not consummated, pro rata based on such Advisory Clients' committed capital.

Further, subject to the relevant provisions of the applicable Advisory Client's governing documents, the following costs and expenses attributable to the formation, organization and operations of an Advisory Client shall be borne by such Advisory Client:

- all organizational costs, fees and expenses incurred by or on behalf of American Infrastructure or the applicable GP in connection with the formation and organization of the Advisory Client and the GP, including reasonable legal and accounting fees and expenses incident thereto;
- expenses incurred by the Advisory Client's GP in serving as the tax matters partner;
- expenses of the members of the Advisory Client's advisory board (including, without limitation, travel expenses) and an annual stipend in an amount determined by the respective GP;
- the fees of the independent certified public accountant incurred in connection with the annual audit of the Advisory Client's books and the preparation of the Advisory Client's annual tax return;
- the cost of directors and officers, professional and other insurance premiums;
- costs associated with Advisory Client meetings and mailings, including quarterly and annual financial and other reports;
- all routine legal and audit expenses of the Advisory Client, including legal fees and expenses incurred in connection with prosecuting or defending administrative or legal proceedings relating to the Advisory Client brought by or against the Advisory Client or the respective GP or its members;
- all costs and expenses arising out of the Advisory Client's indemnification obligations pursuant to the Advisory Client's governing documents;
- all other expenses that are not determined to be normal operating expenses by the Advisory Client's GP in its sole discretion;
- all expenses incurred in connection with the Advisory Client's compliance with: (i) the Securities Act of 1933, as amended, as it applies to the issuance of interests in the Advisory Client, and (ii) any other applicable securities laws or regulations (except that the Advisory Client will not bear any costs associated with American Infrastructure's compliance with U.S. or non-U.S. securities laws and regulations that apply to American Infrastructure as a result of American Infrastructure being in the investment advisory or investment management business<sup>1</sup>); and
- all liquidation costs, fees and expenses incurred by the Advisory Client's GP (or its designee) in connection with the liquidation of the Advisory Client at the end of the Advisory Client's term, including, but not limited to, legal and accounting fees and expenses.

To the extent that any expenses borne by an Advisory Client also benefit any related parallel funds (or vice versa), such expenses shall be allocated among the Advisory Client and such parallel funds on a *pro rata* basis relative to committed capital, except to the extent that American Infrastructure or the Advisory Client's GP determines in good faith that a different method of allocation is more appropriate.

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<sup>1</sup> For example, an Advisory Client shall not bear or pay for any costs associated with American Infrastructure's compliance with the Investment Advisers Act of 1940, as amended.



## **ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

As described in Item 5 above, the GPs receive performance-based compensation from the Fund for which each serves as general partner. Future Co-Investment Vehicles may pay such compensation.

In general, the Funds allocate a portion of their investment profits (generally 20%) to their GPs, which are related persons of American Infrastructure, pursuant to the applicable Governing Documents of each Fund (such profit allocation is commonly referred to as a “carried interest”).

The fact that the GPs will receive performance-based compensation creates a potential conflict of interest in that it may create an incentive for American Infrastructure or the GPs to make investments on behalf of the Funds that are riskier or more speculative than would be the case in the absence of such performance-based compensation arrangements. Fund Investors are provided with clear disclosure in the relevant Governing Documents and private placement memoranda as to how performance-based compensation is charged with respect to a particular Fund and the risks associated with such performance-based compensation prior to making an investment. In addition, the carried interest is applied only upon full return of capital, such that the economic interests of the GPs (and their personnel) are tied directly to the Investors’ ability to achieve liquidity.

In addition, from time to time, more than one Fund may participate in a given portfolio investment, and frequently a Co-Investment Vehicle will participate in a portfolio investment of a Fund. Where the performance of one Fund has met the required performance threshold for its GP to receive amounts in respect of its carried interest while another Fund has not (or a Co-Investment Vehicle which pays no performance fee is co-investing), American Infrastructure may have an incentive to allocate particularly attractive investment opportunities to the Fund that is expected to generate carried interest or to permit that Fund to exit investments at a time that would maximize its returns, potentially to the detriment of the other Fund or Co-Investment Vehicle.

American Infrastructure and its Affiliated GPs seek to ensure that all investments made by Funds and Co-Investment Vehicles are fairly and equitably allocated. American Infrastructure does not take the potential for performance-based compensation into account when allocating investment opportunities among Funds. If American Infrastructure determines that it would be appropriate for more than one Fund to participate in an investment opportunity, American Infrastructure will seek to allocate the investment opportunity on a fair and equitable basis, and in a manner that is permissible under the respective Funds’ Governing Documents, and without regard to the performance-based compensation which may be payable by a particular Fund. Please refer to Item 12 of this Brochure for additional information regarding American Infrastructure’s investment allocation policies and procedures.

## **ITEM 7 – TYPES OF CLIENTS**

American Infrastructure provides investment advisory services solely to pooled investment vehicles operating as private equity investment funds, and to co-investment vehicles, as described in Item 4 above.

The Advisory Clients invest capital contributed to them by one or more sovereign wealth funds, pension funds, high net worth individuals, trusts, estates, limited partnerships, limited liability companies or other institutional entities. Admission to the Funds and Co-Investment Vehicles will not be open to the general public. Interests are sold only to persons that are “accredited investors” (as defined in Regulation D under the Securities Act), “qualified clients” under Rule 205-3 of the Advisers Act, and “qualified purchasers” as defined in section 2(a)(51)(A) of the Investment Company Act.

The minimum capital commitment of a Fund Investor ranges from \$500,000 to \$5,000,000, subject to waiver by the respective GP. Co-Investors may be subject to minimum capital commitments, at the discretion of the respective GP or manager.

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

**It is critical that Investors refer to the relevant offering memorandum, subscription agreement and other Governing Documents for a complete understanding of the material risks involved in an investment in the Funds or the Co-Investment Vehicles (as applicable). The information contained herein is a summary only and is qualified in its entirety by such documents.**

**An investment in the Funds or Co-Investment Vehicles may be deemed speculative and is not intended as a complete investment program. Investing in the securities markets in general, and in the Funds or Co-Investment Vehicles in particular, involves significant risk. Investments in the Funds or Co-Investment Vehicles are appropriate for only experienced and sophisticated persons who meet certain eligibility criteria, are able to bear the risk of loss or some or all of an investment, and have a limited need for liquidity.**

### **Methods of Analysis and Investment Strategies**

As described in Item 4 above, American Infrastructure’s principal strategy involves private investing: acquiring private businesses with stable fundamentals and significant recurring cash flows. American Infrastructure and the Affiliated GPs intend for the Advisory Clients to purchase these businesses in private transactions and subsequently to (i) refocus operations on maximizing recurring free cash flow; (ii) restructure the businesses as tax-efficient partnerships or Limited Liability Companies (“LLCs”); and (iii) sell them to a strategic or financial buyer.

The GPs evaluate each investment based on three key elements:

- stability of recurring cash flow;

- strength of management team; and
- growth potential, both organic and via acquisitions.

The investment process includes five key components:

- (1) Transaction Sourcing. American Infrastructure’s investment professionals (the “Principals”) have built and maintained an extensive network of relationships from which to generate acquisition opportunities. These relationships include public and private companies and their management teams, business brokers, private equity and venture capital funds, investment bankers, attorneys, accountants and industry consultants. The Principals leverage these relationships in conjunction with their collective strategic, operating and transaction experience to proactively source and evaluate potential target businesses and assets appropriate for the investment strategy.

The Principals seek to create investment opportunities by first identifying an attractive industry in which to pursue its investment strategy. Next, the Principals actively search for the ideal platform company and management team from which to build an industry-leading enterprise.

From time to time, American Infrastructure may engage intermediaries that are particularly effective at identifying targets consistent with a Fund’s investment strategy. Such engagements are expected to be structured primarily on a success fee basis.

The Principals also communicate with industry participants to ensure their understanding of the Fund’s focused strategy. By raising awareness of the Fund’s differentiated attributes, the Principals expect that industry participants will potentially see the Fund as a preferred buyer, and may therefore approach the Principals.

- (2) Transaction Screening. Potential private investments are initially screened based on their ability to generate stable, recurring free cash flow in order to ensure the efficient use of time and maximize the resources of the Fund. In connection therewith, the Principals look to the following key evaluation criteria: a business’ stability of recurring revenue and cash flow, strength of management team and growth potential, both organic and via acquisition.
- (3) Due Diligence. American Infrastructure conducts thorough due diligence of a company prior to investment. Such due diligence generally includes detailed reviews of financial performance, management competency, accounting, strategic and operational planning and execution, and specific yield-vehicle structuring issues.
- (4) Structuring. Prior to closing a transaction, the Principals work closely with company management to identify current and potential sources of free cash flow and focus operations on maximizing free cash flow. This process can involve overhauls of management incentive structures, sales and marketing procedures, and business development initiatives.

- (5) Active Portfolio Monitoring and Realization. After making investments, the Principals remain actively involved with the portfolio companies in order to ensure and accelerate value creation for the Fund.

An investment in the Advisory Clients involves a significant degree of risk. There can be no assurance that the Advisory Clients' targeted rate of return will be achieved or that there will be any return of capital. The following are some of the additional material risks associated with an investment in the Advisory Clients:

### **Material Risks**

#### **Limited Investment Strategy and Concentration of Investments.**

The Advisory Clients have limited investment strategies, and as a result, their investments may be concentrated in a relatively narrow sector of the economy. The investment strategy involves investing in private companies which may be concentrated in real assets, natural resources, infrastructure and real property. Thus, the Advisory Clients' assets may be concentrated in a somewhat narrow sector of the economy. As a result, an investment in the Advisory Clients' investments may be subject to greater risk and market fluctuations than an investment in a fund that diversifies its investments more broadly across economic sectors.

#### **Inability to Locate a Sufficient Number of Appropriate and Attractive Investment Opportunities.**

Because the Advisory Clients will focus on investing in assets or businesses with stable, recurring cash flows that generate Qualifying Income, the number of qualified investment opportunities that are available may be significantly less than would be the case in a fund with a more general investment focus.

In the event that a sufficient number of appropriate and attractive investment opportunities are unable to be identified, the Funds may not be fully invested and may not be able to realize their investment objectives.

#### **There is no trading market for private securities in portfolio company investments held by the Advisory Clients.**

The Advisory Clients will have a substantial amount of their assets invested in illiquid securities. The term "illiquid securities" for this purpose means securities that cannot be disposed of in the public trading market through the ordinary course of business at approximately the price at which the Advisory Client has valued them. Illiquid securities include, among others, restricted securities issued in private placements other than securities eligible to be sold under Rule 144 of the Securities Act. Illiquid securities may be sold only in privately negotiated transactions that are exempt from the registration requirements of the Securities Act or in a public offering with respect to which a registration statement is in effect. Where registration is required, such as in an initial public offering of securities in an investment, the Advisory Client may be obligated to pay all or part of the registration expenses and a considerable period may elapse between the time of the decision to sell, and the time the Advisory Client may be permitted to sell securities under an

effective registration statement. If, during such a period, adverse market conditions were to develop, the Advisory Client might obtain a less favorable price than prevailed when it decided to commence the offering.

Although the investment strategy of the Advisory Clients involves making initial public offerings of securities in investments held by the Advisory Clients, there is no assurance that any investment will be successful or develop to the point where an initial public offering of its securities is feasible. The Advisory Clients will have a period of time within which to make a private investment and will have no obligation to make an initial public offering of securities acquired as part of any investments. Any initial public offering of an investment will be subject to numerous risks and uncertainties, including the risk that the Advisory Client may not be able to obtain an acceptable price for the securities offered. If the Advisory Client does not make an initial public offering of securities of any investment, the Advisory Client may have to sell the securities or assets of such investment in private, negotiated transactions. In that case, the Advisory Client may be unable to find suitable purchasers for such securities or assets or may be unable to sell such securities or assets at a price that the respective GP or manager deems acceptable.

There are unique risks associated with REIT tax qualification.

In order to minimize the taxes payable by certain tax exempt and non-U.S. investors, the GPs may form a real estate investment trust (a “REIT”) through which the Advisory Clients may make some or all of its investments. If the Advisory Clients form a REIT, the REIT will endeavor to qualify as a REIT for tax purposes. However, qualification as a REIT involves the application of highly technical and complex Internal Revenue Code provisions for which only a limited number of judicial or administrative interpretations exist. Failure to comply with these requirements, even if inadvertent, could jeopardize a REIT’s tax status. Furthermore, new tax legislation, administrative guidance or court decisions, in each instance potentially with retroactive effect, could make it more difficult or impossible to qualify or continue to qualify as a REIT. If a REIT fails to qualify as a REIT in any tax year, unless the REIT was eligible for certain provisions granting relief, then:

- the REIT would be taxed as a regular domestic corporation, which under current laws, among other things, means being unable to deduct distributions to its shareholders in computing taxable income and being subject to federal income tax on its taxable income at regular corporate rates;
- the REIT would be required to pay taxes, and thus, its cash available for distribution to its shareholders (e.g., the Advisory Clients, and in turn, the Advisory Clients’ investors) would be substantially reduced for each of the years during which the REIT did not qualify as a REIT; and
- the REIT may also be disqualified from re-electing REIT status for the year of the disqualification and the four taxable years following the year during which it became disqualified.

In order to qualify as a REIT for federal income tax purposes, a REIT is required to continuously satisfy tests concerning, among other things, its sources of income, the nature and diversification of its investments, the amounts it distributes to its shareholders and the ownership of its stock. A REIT may be forced to dispose of an asset in order to stay in compliance with such tests. A REIT

may also be required to make distributions to its shareholders at disadvantageous times or when it does not have funds readily available for distribution. The REIT provisions of the Internal Revenue Code could limit the Advisory Clients' ability to hedge the REIT's financial assets and related borrowings. Thus, compliance with REIT requirements could hinder the Advisory Clients' ability to operate solely with the objective of maximizing profits.

The Advisory Clients will invest in enterprises with leveraged capital structures.

The Advisory Clients will invest in entities that have leveraged capital structures. While investments in leveraged enterprises offer the opportunity for capital appreciation, they also involve a higher degree of risk. As a result of such leveraged capital structures, operating problems and other general business and economic risks may have a more pronounced effect on the profitability or survival of such enterprises. Moreover, rising interest rates may increase interest expense for such enterprises. If an enterprise in which the Advisory Clients has invested cannot generate adequate cash flow to meet debt service, the enterprise, and ultimately the Advisory Client, may suffer a partial or total loss of invested capital. Shortfalls in cash flow or increased interest rates may impair the ability of any enterprise in which the Advisory Clients have invested to meet its debt obligations.

Portfolio companies may not be able to obtain financing.

In order to achieve the investment objectives, the Advisory Clients may invest in companies that will at times rely on the availability of financing, principally debt, from third party sources such as banks, investment banks and private mezzanine funds. Should such external financing not be available, an Advisory Client may not be able to achieve the investment objectives.

## **ITEM 9 – DISCIPLINARY INFORMATION**

American Infrastructure is required to disclose all material facts regarding any legal or disciplinary events that would be material to an Investor's evaluation of American Infrastructure or the integrity of American Infrastructure's management.

As detailed in Form ADV Part 1, three civil actions are pending against American Infrastructure Affiliated persons.

On December 20, 2016, Robert B. Hellman, Jr. was served notice that he, in his capacity as Chairman of the Board of Directors of StoneMor GP, LLC (hereinafter "StoneMor GP"), the General Partner to StoneMor Partners, L.P., was named as a defendant in a civil action filed by Judson Anderson (on behalf of all others similarly situated, hereinafter "Plaintiffs") in the United States District Court for the Eastern District of Pennsylvania. The Complaint alleged that StoneMor Partners, L.P. (the "Company") issued materially false and misleading statements regarding the Company's business and financial performance in violation of Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder and in violation of Section 20(a) of the Exchange Act against various individual defendants. The Complaint seeks monetary damages. StoneMor GP's Board of Directors vigorously defended these allegations and filed a motion to

dismiss which was granted on October 31, 2017. The Plaintiffs appealed the dismissal to the Third Circuit Court of Appeals.

On February 8, 2017, Robert B. Hellman, Jr. and Jonathan A. Contos were served notice that they, in their capacities as Members of the Board of Directors of StoneMor GP, were named as defendants in a civil action filed by Mark J. Bunim (derivatively on behalf of StoneMor Partners, L.P., hereinafter “Plaintiff”) in the United States District Court for the Eastern District of Pennsylvania. The Plaintiff alleges that the defendants violated their fiduciary duties by causing or allowing StoneMor Partners, L.P. (the “Company”) to issue false and misleading statements regarding the Company’s business and financial performance. In addition to a claim for breach of fiduciary duty, the Plaintiff also asserts claims for gross mismanagement, unjust enrichments, and violations of Section 14(a) of the Securities Act of 1934. The Complaint seeks monetary damages. StoneMor GP’s Board of Directors intends to vigorously defend these allegations. The case is stayed pending a decision in the *Anderson* case described above.

On February 15, 2017, Robert B. Hellman, Jr. and Jonathan A. Contos were served notice that they, in their capacities as Members of the Board of Directors of StoneMor GP, were named as defendants in a civil action filed by Richard Muth (derivatively on behalf of StoneMor Partners, L.P., hereinafter “Plaintiff”) in the Court of Common Pleas of Philadelphia County in Pennsylvania. The Plaintiff alleges that the defendants violated their fiduciary duties by causing or allowing StoneMor Partners, L.P. (the “Company”) to issue false and misleading statements regarding the Company’s business and financial performance. In addition to a claim for breach of fiduciary duty, the Plaintiff also asserts a claim for aiding and abetting breach of fiduciary duties against the named individual defendants and a claim for unjust enrichment. The Complaint seeks monetary damages. StoneMor GP’s Board of Directors intends to vigorously defend these allegations. The case is stayed pending a decision in the *Anderson* case described above.

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

As mentioned in Item 4 above, American Infrastructure represents the continuation of the advisory practice of AIM, American Infrastructure’s predecessor advisory firm focused on infrastructure and other real asset investments. AIM was co-founded and is majority-owned by Robert B. Hellman, Jr., sole owner of American Infrastructure, and continues to operate in order to service AIM’s existing pooled vehicle clients. AIM’s pooled vehicle clients are no longer making new investments. Several key members of the AIM investment team responsible for managing AIM’s pooled investment vehicles’ infrastructure investments compose the American Infrastructure’s investment team.

American Infrastructure serves as investment adviser to the Funds and Co-Investment Vehicles, which are pooled investment vehicles controlled by American Infrastructure or its affiliates. As described in Item 4 above, the Affiliated GPs are related persons of American Infrastructure that serve as the respective general partners and managers of the Funds and the Co-Investment Vehicles, and in connection therewith, maintain investments in such Advisory Clients and provide investment management and administrative services to such Advisory Clients. As described in

Items 5 and 6, certain of the Affiliated GPs are entitled to receive management and performance fees from the Funds, which may in certain circumstances create a conflict of interest, as described in Item 6 above.

As noted above, American Infrastructure and its affiliates are entitled to receive certain fees from portfolio companies for financial advisory and other services and in connection with consummated or unconsummated transactions (e.g., director's fees, transaction fees, broken deal fees, advisory fees or other similar fees). Although a portion of these fees will be used to offset the Management Fees otherwise payable by Investors, the receipt of such fees creates a potential conflict of interest because it could create an incentive for American Infrastructure or the GPs to cause a Fund to invest in a particular company based on the amount of such fees payable to American Infrastructure or its affiliates, rather than the best interests of the Fund.

Employees of American Infrastructure serve as directors and officers of certain portfolio companies, and in that capacity, will be required to make decisions that consider the best interests of such portfolio companies and their respective shareholders. In certain circumstances, actions that may be in the best interests of the portfolio company may not be in the best interests of the Fund, and vice versa. Accordingly, in these situations, there will be conflicts of interest between such individual's duties as an employee of American Infrastructure and such individual's duties as a director or officer of such portfolio company.

In addition, as discussed in Item 5 above, American Infrastructure and its affiliates engage and retain certain senior executives, advisors, consultants, and other similar professionals, who are not employees or affiliates of American Infrastructure, but who may receive payments from the Funds and/or portfolio companies in exchange for providing advice and/or assistance with respect to due diligence of potential investments (among other areas), as well as being actively involved in various stages of the monitoring and value creation process for portfolio companies. Amounts paid to such persons will not be subject to the Management Fee offset (as described in Item 5 above).

American Infrastructure believes transparency is an important element of a strong relationship with its Investors. American Infrastructure generally discloses the potential conflicts of interest described above to Investors within the relevant offering memorandum and other Governing Documents of the Funds and in this Brochure. Additional information about applicable fees and expenses are included within the periodic statements provided to Investors. American Infrastructure also maintains policies and practices that are designed to address these potential conflicts of interest.

All investment decisions are made by American Infrastructure's investment team on the basis of what is believed to be in the best interests of the Funds, and in accordance with the guidelines and restrictions set forth the Governing Documents of each Fund. American Infrastructure conducts detailed due diligence on investment opportunities and maintains documentation of the rationale for each investment. In addition, the calculation of all fees and expenses allocated to the Funds are carefully reviewed for accuracy and consistency with the applicable Governing Documents of the Funds.



StoneMor Partners, L.P. (“StoneMor”) is a portfolio company of the American Infrastructure Funds and Robert B. Hellman, Jr. serves as a director of StoneMor. Cornerstone Trust Management Services LLC (“Cornerstone”), a SEC-registered investment adviser, is a wholly-owned indirect subsidiary of StoneMor and Robert B. Hellman, Jr. serves as a director of Cornerstone. The purpose of Cornerstone’s investment advisory business is to provide investment advisory and other services to the banking financial institution trustees and escrow agents of certain trusts and escrow accounts. American Infrastructure does not deem the foregoing relationship with Cornerstone as posing a material conflict of interest in relation to American Infrastructure’s investment advisory business or American Infrastructure’s Investors.

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

American Infrastructure’s Code of Ethics (the “Code”) is designed to meet the requirements of Rule 204A-1 of the Advisers Act. The Code applies to American Infrastructure’s “Access Persons.” Access Persons include, generally, any partner, officer or director of American Infrastructure and any employee or other supervised person of American Infrastructure who, in relation to the Advisory Clients, (1) has access to non-public information regarding any purchase or sale of securities, or non-public information regarding securities holdings or (2) is involved in making securities recommendations, executing securities recommendations, or has access to such recommendations that are non-public. All American Infrastructure employees and certain other individuals are deemed to be Access Persons.

The Code sets forth a standard of business conduct that takes into account American Infrastructure’s status as a fiduciary and requires Access Persons to place the interests of Advisory Clients above their own interests and the interests of American Infrastructure. The Code requires Access Persons to comply with applicable federal securities laws. Further, Access Persons are required to promptly bring violations of the Code to the attention of American Infrastructure’s Chief Compliance Officer. All Access Persons are provided with a copy of the Code and are required to acknowledge receipt of the Code upon hire and on at least an annual basis thereafter.

The Code also sets forth certain reporting and pre-clearance requirements with respect to personal trading by Access Persons. Access Persons must provide American Infrastructure’s Chief Compliance Officer with a list of their personal accounts and an initial holdings report within 10 days of becoming an Access Person. In addition, American Infrastructure’s Access Persons must provide annual holdings reports and quarterly transaction reports in accordance with Advisers Act Rule 204A-1.

In addition, the Code seeks to ensure the protection of nonpublic information about the activities of the Advisory Clients. Investors or prospective Investors may obtain a copy of the Code by contacting American Infrastructure.

As explained in Item 10 above, affiliates of American Infrastructure serve as the general partners of the Funds and also commit capital to the Funds. As a result, every investment made by a Fund involves a purchase of securities whereby certain related persons of American Infrastructure

acquire an indirect interest in such securities. American Infrastructure's principals and employees and other Access Persons may also invest in the Advisory Clients directly or indirectly through investments in the GPs. The fact that the GPs and other related persons have financial ownership interests in the Advisory Clients creates a potential conflict in that it could cause American Infrastructure and its affiliates to make different investment decisions than if such parties did not have such financial ownership interests. However, American Infrastructure believes that these financial interests align American Infrastructure's and the GPs' incentives with the other Investors of the Funds.

As discussed further below, the Code places restrictions on the ability of American Infrastructure personnel to hold interests in Advisory Client portfolio companies outside of their indirect interests through GPs or through their investments directly in Advisory Clients. In general, such investments are not permitted, and in all events require approval of American Infrastructure's Chief Compliance Officer, which approval would only be granted once any associated conflicts of interest are appropriately addressed and remedied.

As described in Item 5 above, American Infrastructure or its related persons may receive certain transaction fees, advisory fees, director's fees, break-up fees or other similar fees in connection with portfolio investments of the Advisory Clients as compensation for financial advisory and similar services provided by them to the Advisory Clients' portfolio companies. Payment of such fees may create a conflict of interest because it could create an incentive for American Infrastructure or the GPs to cause an Advisory Client to invest its capital in a company that will pay such a fee to American Infrastructure or its affiliates.

While such fees may be used to offset a portion of the management fees payable by the Funds, American Infrastructure further mitigates this conflict of interest by negotiating such fees at arm's length with such portfolio company, and generally seeking to ensure that such fees are, in the good faith opinion of American Infrastructure, in accordance with prevailing market rates in the relevant industry.

In addition, as noted in Item 5 above, because the Co-Investment Vehicles do not pay management fees, American Infrastructure may have an incentive to allocate more Fee Income to Co-Investment Vehicles since such amounts will not be subject to the Management Fee offset applicable to the Funds (as described above). American Infrastructure has procedures in place regarding the proper use of Co-Investment Vehicles and has adopted allocation policies and procedures that seek to ensure that investments (and any fees and expenses related to such investments) are allocated among Advisory Clients in a fair and equitable manner. The opportunity to invest in a Co-Investment Vehicle is generally offered to all Investors in the relevant Funds. Please refer to Item 12 for additional information regarding American Infrastructure's allocation policies and procedures.

As described in Items 5 and 6 above, American Infrastructure or its affiliates receive management and performance-based compensation from the Funds. The management fees are payable without regard to the overall success or income earned by the Funds and therefore may create an incentive on the part of American Infrastructure or its affiliates to raise or otherwise increase assets under management to a higher level than would be the case if American Infrastructure or its affiliates

were receiving a lower or no management fee. The receipt of performance-based compensation may create an incentive for American Infrastructure or its affiliates to make investments that are riskier or more speculative than would be the case in the absence of such performance-based compensation arrangements. Please refer to Item 12 for additional information relating to American Infrastructure's policies and procedures for allocating investment opportunities among Advisory Clients.

In addition to the foregoing, American Infrastructure addresses these and other potential conflicts through regular monitoring of the Advisory Client portfolios for consistency with their applicable objectives, strategies and target capacity. The Code provides guidelines for identifying and addressing conflicts of interest, and requires Access Persons to place the interests of Advisory Clients and Investors over their own or those of American Infrastructure, and all Access Persons are required to provide written acknowledgement of their receipt of the Code.

In addition, each of the Funds has an advisory board (the "Advisory Board"). As set forth in the relevant Governing Documents, each Fund's Advisory Board is comprised of certain Fund Investors (or their representatives) appointed by the GP. The Advisory Board of each Fund advises the GPs on issues relating to conflicts of interest, including but not limited to those described in this Item 11.

The Code places restrictions on the ability of American Infrastructure personnel to invest directly in portfolio companies outside of their indirect interests through GPs or through their direct investments in Advisory Clients. Such investments could create a conflict of interest because they could give American Infrastructure or the GPs an incentive to cause an Advisory Client to invest its capital in a company in which it would not otherwise invest, or to dispose of its investment in a company at a time or for a price which it would not otherwise recommend absent such related person's ownership of such securities.

In general, such investments are not permitted, and in all events require approval of American Infrastructure's Chief Compliance Officer, which approval would only be granted once any associated conflicts of interest are adequately addressed and remedied. In particular, the related person would be required to demonstrate to the Chief Compliance Officer that such person's investment in the portfolio company could in no way influence American Infrastructure's decision to acquire or dispose of the securities of such investment, nor the price or timing with which such acquisition or disposition takes place. American Infrastructure believes that these restrictions are sufficient to mitigate any conflicts of interest associated with a related person's investment in an Advisory Client portfolio company.

American Infrastructure enforces the foregoing policy and manages the potential conflicts of interest inherent in Access Person personal trading by rigorous enforcement of its Code, which contains strict pre-clearance and reporting guidelines for Access Persons. American Infrastructure requires that Access Persons pre-clear certain transactions with the Chief Compliance Officer (as described in the Code), and pre-clearance decisions are based on a number of factors, including whether any of the Advisory Clients hold or are contemplating an investment in the given security.

American Infrastructure maintains a “Restricted List” with the names of issuers of securities about which American Infrastructure (or its Access Persons) or an Advisory Client holds an interest or otherwise has learned material, non-public information. Access Persons are strictly prohibited from trading securities on the Restricted List (or any other securities to which the material non-public information relates) without prior written approval of the Chief Compliance Officer. Investment personnel are required to notify the Chief Compliance Officer immediately upon commencing research of an issuer and upon terminating research of an issuer. Access Persons must pre-clear any purchases or sales of an interest in an Advisory Client portfolio company so that the Chief Compliance Officer may confirm that the proposed transaction meets the requirements of the applicable Fund Agreements and the Code.

In addition, American Infrastructure receives transaction and holdings reports in accordance with Advisers Act Rule 204A-1. The Chief Compliance Officer or their designee also reviews Access Persons’ personal transaction and holdings reports to make sure each Access Person is conducting his or her personal securities transactions in a manner that is consistent with the Code.

## **ITEM 12 – BROKERAGE PRACTICES**

As described in Item 4 above, American Infrastructure is the investment adviser to private equity funds and co-investment vehicles. The private company securities, which are the primary investments by the Advisory Clients, are generally purchased in private transactions, without the assistance of a broker-dealer and without the payment of brokerage commissions or dealer mark-ups. Due to the nature of the Advisory Clients’ investment programs, American Infrastructure and its affiliates generally do not select or recommend broker-dealers for Advisory Client transactions. In the event that American Infrastructure’s business were to evolve such that the Advisory Clients were to execute transactions through a broker-dealer, then American Infrastructure would adopt policies and procedures reflective of its duty to execute trades in publicly-traded securities in a manner designed to seek best price and execution.

American Infrastructure and its affiliates do not utilize “soft dollars.”

Upon determination to buy or sell the same portfolio company security on behalf of more than one Advisory Client (based upon the investment mandates of such Advisory Clients), American Infrastructure will generally aggregate investments. The private company securities which are the primary investments by the Advisory Clients are generally purchased in private placement transactions, and thus a purchase or sale transaction by multiple Advisory Clients will generally be consummated simultaneously. However, there could be circumstances in which the liquidity needs, partnership terms or other considerations require the purchase or sale of portfolio company securities by Advisory Clients at different times. In such cases, American Infrastructure will seek to act in a fair and equitable manner with regard to all participating Advisory Clients, and to take into account the investment objectives and results of each Advisory Client. Notwithstanding the foregoing, the purchase or sale of portfolio company securities by different Advisory Clients at different times could result in increased transaction costs and different investment results for such Advisory Clients and their Investors.

## Investment Allocations

American Infrastructure recognizes that, as a fiduciary, it has a duty to allocate investment opportunities among its Advisory Clients in a fair and equitable manner. In such situations, investment opportunities will generally be allocated pro rata based on each participating Fund's total committed capital; provided, however, that American Infrastructure may, in its sole discretion, depart from the foregoing policy in particular circumstances if American Infrastructure determines that for good reason it would be appropriate to do so, and that such a departure would nonetheless be consistent with American Infrastructure's fiduciary obligations to its Funds. The factors that American Infrastructure will consider in making a determination to allocate an investment opportunity to participating Funds on a non-pro rata basis may include, among others: (i) differences with respect to available capital (e.g., current or anticipated capital available for investment, including anticipated follow-on investments, if applicable), size and remaining life of each Fund; (ii) the nature of the investment opportunity (including the size and anticipated follow-on investment requirements); (iii) the relevant allocation of investment opportunity provisions and restrictions in each participating Fund's governing or other relevant documents; (iv) tax, legal or regulatory considerations; (v) current and anticipated market conditions; and (vi) such other factors as American Infrastructure may reasonably deem relevant.

Where deemed appropriate in the discretion of American Infrastructure or the relevant Fund GP(s), questions regarding the proper allocation of limited investment opportunities will be presented to the respective Advisory Board of the relevant Fund(s).

In certain circumstances, American Infrastructure may not be able to allocate an investment opportunity (or portion thereof) to a Fund because of minimum investment restrictions or excessive costs. In these situations, American Infrastructure will determine which Funds will participate. Funds without sufficient investment capital will not participate. American Infrastructure may give added weight to certain Funds based upon investment strategy, as permissible under the applicable Governing Documents. It should be specifically noted that opportunities may be disproportionately allocated to a certain Fund during its initial investment period, notwithstanding that other Funds may have funds available for investment. In addition, opportunities may be disproportionately allocated when one Fund does not have capital commitments invested to a certain threshold. Such disproportionate allocations may have a detrimental effect on the other Funds.

## Co-Investments

In situations where American Infrastructure determines in good faith that an available investment opportunity is in excess of the total amount that is in a Fund's best interests to invest (for example, where a Fund has reached a relevant investment limit or has limited liquidity), American Infrastructure may allocate any surplus portion of the investment opportunity to Co-Investors within the terms of the applicable Fund's governing documents. As such, investment opportunities are allocated first to the Funds to the extent such opportunities are within the Funds' investment strategies and the Funds have available capital, and secondarily to any Co-Investors. Co-Investors may include Investors in the Fund(s) to which such co-investment opportunity relates, as well as other private investors, groups, partnerships or corporations (including, without limitation, the GP

or any of its members and any other existing or successor investment partnerships organized by American Infrastructure or its affiliates).

Such co-investment opportunities are intended to enable interested Investors to increase their exposure to a given portfolio investment and/or sector and will typically be offered through Co-Investment Vehicles formed and/or managed by American Infrastructure or an affiliate to co-invest in a particular investment alongside one or more Funds. The Co-Investment Vehicles are generally open only to Investors in the Funds, though American Infrastructure has permitted and may in the future permit certain other investors to invest in the Co-Investment Vehicles.

To ensure that all Investors are treated fairly and equitably and to prevent the appearance of favoritism, limited partners will generally be offered the opportunity to participate in any co-investment opportunity on a pro rata basis in proportion to their relative capital commitments to the relevant Funds. In accordance with the governing documents of the relevant Funds, Investors in certain of the Funds are permitted to increase their allocated share of a particular co-investment opportunity. Co-investments are offered to members of the General Partners of the Funds at the same time as such opportunities are offered the limited partners. Co-investments may also be offered to third parties unaffiliated with American Infrastructure.

In addition, in exercising American Infrastructure's discretion to decide how to allocate co-investment opportunities, American Infrastructure may consider some or all of a wide range of factors, including those specific to the investment opportunity. These factors may include, but are not limited to:

- strategic value of a prospective co-investor to the underlying investment opportunity;
- how quickly a prospective co-investor is able to conduct its own due diligence and provide a commitment with respect to an investment opportunity;
- whether the prospective co-investor has the financial and other resources to make the investment;
- whether the prospective co-investor has indicated a desire to make investments of the type offered by the investment opportunity;
- any requirements or restrictions relating to co-investment opportunities in the Fund's governing documents, other relevant documents and/or "side letters";
- tax, legal or regulatory considerations; and
- any other factor determined by American Infrastructure, in consultation with the Chief Compliance Officer, to be relevant to the relationship of a particular investment opportunity to a given prospective co-investor.

Subject to any restrictions contained in the offering and/or organizational documents of the relevant Fund, or any side letter or other terms negotiated with respect to such Fund, in general, (i) American Infrastructure is not obligated to offer a co-investment opportunity to any Investors, (ii) decisions regarding whether and to whom to offer co-investment opportunities are made in the sole discretion of American Infrastructure or its related persons, (iii) co-investment opportunities

may be offered to some and not other Investors in Funds, in the sole discretion of American Infrastructure or its related persons, and (iv) certain persons other than Investors in the Funds (e.g., third parties) may be offered co-investment opportunities, in the sole discretion of American Infrastructure or its related persons.

American Infrastructure will, in its sole discretion, determine the relative allocation amongst Co-Investors of the portion of an investment opportunity that is available for co-investment. Absent contractual, legal or regulatory restrictions to the contrary, it is generally expected, but not always the case, that participating Fund Investors will receive a pro rata allocation, based on the size of their respective capital commitments to the applicable Fund(s). As noted above, in accordance with the governing documents of the relevant Funds, Investors in certain of the Funds are permitted to increase their allocated share of a particular co-investment opportunity.

### **ITEM 13 – REVIEW OF ACCOUNTS**

The Advisory Client portfolios are under regular review by the Principals. After investments are made, the Principals remain actively involved with the portfolio companies in an effort to ensure and accelerate value creation for the Advisory Clients. During their time as employees of AIM, the Principals have developed what they believe is a best-practice monitoring program designed to focus the management team on key operating levers in order to meet the objectives of the business plan drafted prior to the investment. This program is based on a variety of inputs and parameters that are used to assess portfolio companies' performance over time. The process includes board meetings to evaluate performance and strategy, detailed monthly reviews of financial performance and key operating metrics, and weekly investment team meetings to ensure execution against pre-determined benchmarks. As needed, the Principals and a team of operating affiliates (which is comprised of senior executives with substantial knowledge in relevant industries) spend time with company management on-site to help achieve performance goals.

Fund Investors receive (i) audited annual financial statements of the Fund; (ii) tax information regarding the Fund necessary for the completion of each Fund Investor's tax returns; (iii) quarterly unaudited financial reports reflecting the performance of the investments and the Fund; and (iv) an annual report providing, subject to applicable securities laws and other limitations on disclosure, financial information and information as to the estimated fair market value of each investment as of the end of the immediately preceding fiscal year, and the estimated fair market value of the Fund. In addition, the GPs conduct an annual informational meeting for Fund Investors.

Co-Investors receive a quarterly report summarizing the respective Co-Investment Vehicle's investments.

### **ITEM 14 – CLIENT REFERRALS AND COMPENSATION**

American Infrastructure or its affiliates may compensate certain placement agents or other third parties for referring prospective Investors. Pursuant to agreements with such placement agents, the respective GP (or the relevant Fund, in certain cases) pays the placement agents fees based upon one or more percentages of the purchase price of the securities placed by the placement agent, and

in certain cases, placed by all placement agents. All required disclosures related to such referral activities are provided at the time the referral is made.

As noted under Item 5 above, American Infrastructure or the GPs may charge the Funds for any placement fees paid to third parties for referring prospective Investors, although such fees are typically applied to reduce the Management Fee otherwise payable in accordance with the terms of the Funds' Governing Documents.

## **ITEM 15 – CUSTODY**

American Infrastructure is deemed to have custody of the Advisory Clients' assets by virtue of the fact that affiliates of American Infrastructure serve as the General Partners or managers to the Advisory Clients. Accordingly, American Infrastructure and its affiliates comply with the custody requirements applicable to registered investment advisers pursuant to Advisers Act Rule 206(4)-2 (the "Custody Rule"). All of the Advisory Clients' assets, except for certain uncertificated securities purchased in private transactions (as further described below), are held with one or more "qualified custodians" as defined in the Custody Rule (i.e. banks or broker-dealers) that are unaffiliated with American Infrastructure.

American Infrastructure is exempt from the quarterly account statement delivery obligations and surprise audit requirement of the Custody Rule because each of the Advisory Clients are audited annually by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board ("PCAOB"), in accordance with its rules. Additionally, the audited financial statements of each Advisory Client are prepared in accordance with generally accepted accounting principles and are distributed to each Investor within 120 days of the end of the relevant Advisory Client's fiscal year.

With respect to the portion of American Infrastructure's investment program that involves investments in certain private companies, American Infrastructure generally will be exempt from the requirement to maintain with a qualified custodian certain "privately offered securities," defined in paragraph (b)(2) of the Custody Rule as securities that are: (i) acquired from the issuer in a transaction or chain of transactions not involving any public offering; (ii) uncertificated, to the extent ownership thereof is recorded only on the books of the issuer or its transfer agent in the name of the client; and (iii) transferable only with prior consent of the issuer or holders of the outstanding securities of the issuer. Partnership agreements, subscription agreements and LLC agreements are not considered "certificates" for these purposes and the securities represented by these documents are "privately offered securities" provided they meet the other elements of paragraph (b)(2) of the Custody Rule (as set forth above).

Pursuant to a Guidance Update issued by the SEC's Division of Investment Management in August 2013, advisers to audited pooled investment vehicles are not required to maintain with a qualified custodian certain non-transferable stock certificates or certificated LLC interests that were obtained in a private placement ("private stock certificates") even though such securities do not technically meet the definition of "privately offered securities" under paragraph (b)(2) of the Custody Rule because of the existence of a "certificate." In accordance with the Guidance



Statement, American Infrastructure will not be required to maintain such certificated securities owned by the Funds with a qualified custodian, provided that: (a) ownership of the securities is recorded on the books of the issuer or its transfer agent in the name of the Fund; (b) the certificate contains a legend restricting transfer and cannot be used to effect a change in beneficial ownership of the securities without the prior consent of the issuer or holders of the outstanding securities of the issuer; and (c) the certificates are appropriately safeguarded by American Infrastructure and can be replaced upon loss or destruction.

Additionally, pursuant to a Guidance Update issued by the SEC's Division of Investment Management in June 2014, the Custody Rule requires advisers to comply separately with the Custody Rule's audited financial statement distribution requirements with respect to investment funds where advisers to pooled investment vehicles that utilizes LLCs, trusts, partnerships, corporations or other similar vehicles to purchase one or more investments on behalf of the pooled investment vehicles and third parties that are not pooled investment vehicles controlled by the adviser or the adviser's related person(s) ("investment funds"). In accordance with the Guidance Statement, American Infrastructure has separate audited financial statements prepared and distributed for those investment funds (as described above) in order to comply with the Custody Rule.

## **ITEM 16 – INVESTMENT DISCRETION**

Pursuant to the Governing Documents and Management Agreements, American Infrastructure and the GPs have discretionary authority to manage the investment operations and activities on behalf of the Advisory Clients in accordance with the terms and conditions of the relevant offering memorandum and other Governing Documents. Investors do not have the ability to impose limitations on such discretionary authority. Investors must execute a subscription agreement in which they make various representations, including representations regarding their suitability to invest in a high-risk investment pool. Investors must execute a limited partnership agreement (or similar document) that contains a power of attorney.

## **ITEM 17 – VOTING CLIENT SECURITIES**

American Infrastructure or its affiliated GP has authority to vote Advisory Client securities. American Infrastructure has adopted proxy voting and procedures that are designed to ensure that in cases where American Infrastructure (or its affiliate) votes proxies with respect to securities held on behalf of Advisory Clients, such proxies are voted in the Advisory Clients' best interests, in the judgment of American Infrastructure to the extent reasonably practicable. The procedures also require that American Infrastructure identify and address conflicts of interest between American Infrastructure, its related persons, and its Advisory Clients and their portfolio companies and related persons. American Infrastructure and/or its personnel may occasionally have business or personal relationships with the proponents of proxy voting proposals, participants in proxy voting contests, corporate directors and officers, or candidates for directorships. If a material conflict of interest is identified, American Infrastructure will determine whether voting in accordance with the guidelines set forth in the procedures is in the best interests of its Advisory Clients, or whether taking some other action may be more appropriate.

Given American Infrastructure's business as a private equity fund manager, it is anticipated that it will be extremely rare that American Infrastructure will receive proxies with respect to securities held on behalf of Advisory Clients. However, there are situations where the Advisory Clients could own master limited partnership units of a publicly-traded company and in such situations there is the potential that American Infrastructure would receive proxies. In addition, there could be situations in which private companies could have proxy issues (e.g. a private company needs approval of investors to make changes to its board of directors, auditors, etc.). In such situations, American Infrastructure or its affiliate which serves as the relevant Advisory Client general partner or manager, would have authority to vote proxies on behalf of Advisory Clients. In such cases, each proxy voting proposal received by an Advisory Client is thoroughly reviewed in order to ensure that each such vote is voted in the best interests of the Advisory Client holding the applicable securities.

Investors do not have the ability to direct proxy votes. Investors may obtain additional information regarding how American Infrastructure voted proxies and may obtain a copy of American Infrastructure's proxy voting policies and procedures by contacting the Chief Compliance Officer at 650-854-6000.

## **ITEM 18 – FINANCIAL INFORMATION**

American Infrastructure does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, and therefore is not required to include a balance sheet for its most recent fiscal year. American Infrastructure is not aware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients, and has not been the subject of a bankruptcy petition at any time during the past ten years.