

**FIRM BROCHURE**  
**(PART 2A OF FORM ADV)**



**Upper Bay Infrastructure Management, LP**

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This brochure ("**Brochure**") provides information about the qualifications and business practices of Upper Bay Infrastructure Management, LP ("**Adviser**", "**Upper Bay**" or the "**Firm**").

If you have any questions about the contents of this Brochure, please contact Chief Executive Officer, Marietta Moshiaashvili, at (212) 655-8800 or by email at [mmoshiaashvili@ubaycap.com](mailto:mmoshiaashvili@ubaycap.com) or Chief Compliance Officer ("**CCO**"), Mario Maselli, at (212) 655-8807 or by email at [mmaselli@ubaycap.com](mailto:mmaselli@ubaycap.com). The information in this Brochure has not been approved or verified by the U.S. Securities and Exchange Commission (the "**SEC**") or by any state securities authority. Upper Bay may refer to itself as a "registered investment adviser" which does not imply a certain level of skill or training.

Additional information about Upper Bay is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **ITEM 2 – MATERIAL CHANGES**

The following is a discussion of material changes to Upper Bay’s Brochure since the annual amendment on February 27, 2019.

### *Item 4 – Other Financial and Industry Activities and Affiliations*

The language regarding the Firm’s engagement of an outsourced Chief Compliance Officer (“CCO”) and outside activities of such CCO were removed.

### *Item 9 – Disciplinary Information*

The status of the legal actions summarized in this section has been updated.

## IMPORTANT NOTE ABOUT THIS BROCHURE

*This Brochure is not:*

- *an offer or agreement to provide advisory services to any person;*
- *an offer to sell interests (or a solicitation of an offer to buy interests) in any Fund (as defined in this Brochure) advised by Upper Bay;*
- *a complete discussion of the features, risks or conflicts associated with any Fund advised by Upper Bay.*

*As required by the Investment Advisers Act of 1940, as amended (“Advisers Act”), Upper Bay provides this Brochure to current and prospective clients. Upper Bay may also, in its discretion, provide this Brochure to current or prospective investors in certain Funds, together with other relevant offering materials, such as a Fund’s private placement memorandum (“PPM”), prior to, or in connection with, such persons’ investment in such Funds.*

*Although this Brochure describes the investment advisory services of Upper Bay, persons who receive this Brochure (whether or not from Upper Bay) should be aware that it is designed solely to provide information about Upper Bay as necessary to respond to certain disclosure obligations under the Advisers Act. As such, the information in this Brochure may differ from information provided in relevant offering materials or other documents.*

*More complete information about each Fund advised by Upper Bay is included in the offering materials for such Fund, which may be provided to current and eligible prospective investors only by Upper Bay or its authorized agents. If there is any conflict between information conveyed in this Brochure and that conveyed in any offering materials, you should rely on the information contained in the relevant offering materials.*

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## ITEM 4 – ADVISORY BUSINESS

### The Adviser & Clients

Upper Bay will provide investment advisory services to private equity fund clients, focused primarily on diversified North American infrastructure investments. The Firm was founded by Marietta Moshiaashvili and Mario Maselli (the “Managing Partners”). The Firm has established an investment committee (the “Investment Committee”) comprised of the Managing Partners and John Raymond, Chief Executive Officer of EMG Fund II Management, L.P., an investment adviser registered with the SEC as part of an umbrella registration together with other relying advisers (collectively referred to as, The Energy & Minerals Group or “EMG”). The principal owners of the Adviser are the Managing Partners and Mr. Raymond. All investment decisions must be approved by unanimous agreement of the members of the Investment Committee.

Upper Bay will enter into an investment management agreement with Upper Bay Infrastructure Partners, LP (“Fund I”) and Upper Bay Infrastructure Partners GP, LP, the general partner to the Fund (together with any other entities that serve in such capacity to any future funds, the “General Partner(s)”). Fund I was formed in 2018 with an investment strategy targeting an attractive risk-adjusted return through a balanced portfolio of mature, stable assets and growth-oriented infrastructure investments in partnership with leading operators and developers.

Parallel investment entities are expected to be structured to facilitate participation by certain investors based on legal, tax, regulatory or other similar considerations of such investors. Parallel investment entities generally will invest side-by-side in each investment proportionate to their respective committed capital. Fund I together with any parallel investment entities and any such subsequent funds are referred to as the “Fund I” as the context requires.

In addition to Fund I, Upper Bay provides investment management services to OTV Holdings, LLC, (“Oregon Trail Ventures”) and will provide investment management services to other future co-investment vehicles established to enable limited partners and other strategic investors to co-invest in portfolio companies alongside Fund I or separate and apart from Fund I in portfolio companies that do not fit the investment objectives of Fund I (“Co-Invest Vehicles”). Fund I, the Co-Invest Vehicles, and any future fund vehicles established by Upper Bay are together referred to herein as the “Upper Bay Funds.”

Upper Bay provides non-discretionary investment management services to JPMorgan Private Equity Group (“JPM”) in connection with its investment in a development joint venture (“DevCo”) with 8minuteenergy, a solar power developer, and MDS Capital, LLC (“MDS”), an affiliate of Upper Bay. In consideration for Upper Bay’s investment management services to JPM and a potential contribution of capital by MDS to DevCo, MDS may receive a profits interest in DevCo.

### Advisory Services

Upper Bay will tailor its advisory services to the specific investment objectives and restrictions set forth in the limited partnership agreements, investment management agreements, and other governing documents of each Upper Bay Fund or other client (collectively for each such Upper Bay Fund or client, the “Governing Documents”), not to the individualized needs of any investor in any Upper Bay Fund or other client.

Pursuant to the investment guidelines and restrictions set forth in the Governing Documents of Fund I, Upper Bay pursues infrastructure investments for Fund I in the North American middle market,

diversified across the transportation, power & utilities, midstream, and telecommunications sectors. The Firm will seek to construct a balanced portfolio of stable and mature infrastructure investments as well as growth-oriented platform investments in partnership with leading operators and developers. Information about Fund I and the investment objectives, strategies, restrictions and risks associated with an investment are described in Fund I's Confidential Private Placement Memorandum ("PPM") and other Governing Documents, which are made available to investors only through Upper Bay and its authorized agents. See *Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss* and *Item 16 – Investment Discretion*.

Upper Bay will generally target equity investments of up to \$500 million, with commitments from Fund I ranging from \$50 million to approximately \$200 million and with the remaining amounts expected to be funded through co-investments by limited partners and third-party co-investors. The Fund will invest primarily through control-oriented, shared control and in rare situations significant minority equity, equity-related and structured investments, subject to any limits set forth in the Fund's Governing Documents. Following an investment in a portfolio company, the Managing Partners and Upper Bay employees will generally serve on the portfolio company's board of directors, or otherwise act to influence the management of the companies until the Fund exits the investment.

Upper Bay's Managing Partners and investment professionals have spent their careers investing and managing investments in energy and infrastructure assets through both debt and equity transactions. Mr. Raymond has substantial operating experience in the natural resources industry, having served in various executive roles throughout his career, in addition to extensive investment experience in a private equity fund energy complex.

The Upper Bay Funds are offered exclusively to individuals who qualify as "accredited investors" under Regulation D promulgated under the Securities Act of 1933, as amended (the "Securities Act"), and "qualified purchasers" as defined under Section 2(a)(51) of the Investment Company Act of 1940, as amended ("Investment Company Act"), and are therefore not required to register as investment companies with the SEC in accordance with the exemption set forth in Section 3(c)(7) of the Investment Company Act. Subject to the investment guidelines and restrictions in the Governing Documents for the Upper Bay Funds, Upper Bay generally has broad discretion to make investment decisions for the Upper Bay Funds. Investment in the Upper Bay Funds involves significant risks and should be regarded as long-term in nature, forming only one portion of an investor's diversified investment portfolio.

Other than its services to JPM, Upper Bay provides investment management services exclusively to the Upper Bay Funds. Outside of such services to the Funds and JPM, Upper Bay offers no other advisory services as of the date of this Brochure. Upper Bay does not perform any type of financial planning, quantitative analysis, tax planning or market timing services. It also does not participate in wrap fee programs.

As of December 31, 2018, Upper Bay had approximately \$403 million in regulatory assets under management ("RAUM"), of which approximately \$268 million was managed on a discretionary basis and \$135 million was managed on a non-discretionary basis. Upper Bay has investment discretion with respect to Fund I (subject to Fund I's established investment guidelines) and Oregon Trail Ventures (subject to certain approval rights granted to third party co-investors). With respect to Upper Bay's investment management services to JPM, all investment decisions with respect to JPM's investment in DevCo are subject to approval by JPM.

### Compliance Oversight

Upper Bay has created a compliance committee (the “Compliance Committee”), consisting of the CCO and the Managing Partners. The Compliance Committee will meet periodically to address certain compliance matters as delegated to the committee under Upper Bay’s compliance policies and procedures manual (the “Compliance Manual”). Subject to oversight by the full Compliance Committee, the CCO has full responsibility to develop and enforce all compliance policies and procedures. The Compliance Committee will endeavor to ensure that compliance resources are adequate relative to the compliance risk profile for Upper Bay, given the Firm’s business and operations. The Compliance Committee will also evaluate the results of the annual review of the Firm’s compliance program, implements appropriate amendments and enhancements to that program.

## ITEM 5 – FEES AND COMPENSATION

### Fund Management & Co-Investment Fees

Upper Bay will charge an annual fee (the “management fee”) as described in the Governing Documents of each Upper Bay Fund. Typically, management fees will be based on total capital commitments and/or net invested capital, depending on the particular Upper Bay Fund.

For Fund I, the management fee will generally range from 1.25%-1.50% of each investor’s capital commitment (during the investment period) and net invested capital (after the end of the investment period). It is expected that Fund I investors committing to Fund I at the initial closing will owe a reduced management fee, generally ranging from 1.00%-1.25%.

The timing of fee payments will be set forth in the Governing Documents of the applicable Upper Bay Fund. Generally, management fees are payable by Fund I quarterly in advance.

Upper Bay may issue capital calls from investors to fund investments, fees and expenses (including management fees and amounts reimbursable to Upper Bay under the applicable Governing Documents). The General Partner generally issues capital calls to investors on a pro rata basis (based on capital commitments) upon not less than ten business days’ notice.

Upper Bay also charges fees with respect to Co-Invest Vehicles which may be paid by the Co-Invest Vehicle, individual co-investors and/or the underlying portfolio company, depending on each Co-Invest Vehicle’s Governing Documents and agreements with co-investors and portfolio companies. Such fees include or may include an acquisition fee, monitoring fees, and/or a multiplier of the amount of transaction costs, fees and expenses incurred by Upper Bay with respect to the particular investment.

Acquisition fees and/or transaction cost multipliers with respect to Co-Invest Vehicles are generally paid to Upper Bay initially upon completion of the investment transaction. Monitoring fees are generally not accrued or paid until the transaction is completed and are generally payable quarterly thereafter.

Upper Bay Fund investors and co-investors may negotiate different management and other fee arrangements, rebates or offsets in side letters or other agreements. Investors and prospective investors should refer to the Governing Documents of each Upper Bay Fund for a detailed description of fees. Upper Bay owners, employees and affiliates generally will not be subject to management fees or Co-Invest Vehicle fees.

Similar advisory services may be available from other investment advisers for higher, similar or lower fees.

### Fee Offsets

Upper Bay generally will apply 100% of (i) all transaction fees received by Upper Bay in connection with Fund I’s investments in portfolio companies and (ii) placement fees paid by Fund I in connection with the offering of its limited partnership interests (“Placement Fees”) to reduce the management fee owed to Upper Bay by Fund I. However, transaction fees received in connection with Fund I’s initial portfolio company investments made prior to the acceptance of any third-party capital commitments by Fund I will not offset future Fund I management fees.



In addition, Upper Bay generally will offset the monitoring fee owed to Upper Bay by each Co-Invest Vehicle by the amount of any acquisition fees received with respect to such Co-Invest Vehicle's portfolio company transactions, subject to any exceptions established in side letters with co-investors.

The terms of any management fee or monitoring fee offset are set forth in the applicable Governing Documents, subject to provisions in side letters with individual investors or co-investors.

#### Carried Interest

Subject to the specific provisions contained in the Governing Documents of each Upper Bay Fund, in addition to the payment of an ongoing annual management fee, the Upper Bay Funds (and indirectly the investors in the Upper Bay Funds) will owe performance-based compensation to the applicable General Partner in the form of a carried interest in the Fund with respect to amounts payable to investors in the applicable Upper Bay Fund after receiving a return of applicable capital contributions and a stated preferred return thereon.

Co-Invest Vehicles will also generally owe performance-based compensation in the form of a carried interest pursuant to applicable Governing Documents and/or agreements with each co-investor. Carried interest for Co-Investment Vehicles is generally owed out of amounts payable to co-investors after receiving a return of capital, fees and expenses, and a preferred return thereon.

Upper Bay Fund investors or co-investors may negotiate different carried interest arrangements in side letters or other agreements. Investors and prospective investors should refer to the Governing Documents of the applicable Upper Bay Fund for a detailed description of the carried interest and distribution provisions. Upper Bay owners, employees and affiliates generally are not subject to carried interest. For additional details about such performance-based compensation, please refer to *Item 6 – Performance-Based Fees and Side-by-Side Management*.

#### Portfolio Company Fees

Upper Bay or its affiliates may receive certain fees in connection with investments in portfolio companies such as directors' fees, advisory fees, investment banking fees, structuring fees, break-up fees and success fees. As noted above, generally 100% of such fees will be applied to offset management fees owed to Upper Bay by Upper Bay Funds, subject to applicable Governing Documents or side letters with individual investors.

In limited circumstances, an individual may receive director fees when such individual's position as a director precedes a Fund's investment in such company. It is possible that Upper Bay may receive accelerated fees upon the occurrence of certain transactions by a portfolio company in accordance with the relevant agreement between Upper Bay or its affiliate and such portfolio company. However, in the event accelerated fees are received, 100% of such fees will be applied to offset the management fees per above.

#### Administrative Fees

Upper Bay has entered into an administrative services agreement with EMG OpCo, LP ("EMG OpCo"), a Delaware limited partnership owned in part by John Raymond, to provide fund administration and related services to Fund I as well as back-office and accounting services to Upper Bay. Consistent with the Governing Documents of Fund I, Fund I will pay an annual fee to EMG OpCo for such services and will reimburse EMG OpCo for expenses paid on behalf of Fund I or incurred in providing such services to

Fund I. Administrative services fees paid to EMG OpCo will generally be applied to offset management fees owed to Upper Bay from the applicable Upper Bay Fund.

Upper Bay will separately pay EMG OpCo for back-office and accounting services provided to the Firm and will reimburse EMG OpCo for any expenses incurred on its behalf.

EMG OpCo may in the future provide accounting or administrative services to one or more other Upper Bay Funds, Co-Invest Vehicles, or portfolio companies (or an entity within the ownership structure of a portfolio company), including preparation of audited financial statements and tax filings.

The administrative services fee paid to EMG OpCo will generally be a flat fee based on the number of entities to be reported and audited.

#### Other Fees and Expenses

Following is a summary of the general expense provisions of Fund I. Investors should refer to the Governing Documents for each Upper Bay Fund for specific information regarding such Upper Bay Fund's expenses. Co-Invest Vehicles and/or co-investors may be subject to different expenses than Fund I. Such expense arrangements are set forth in the Governing Documents for each Co-Invest Vehicle and/or side letters or other agreements directly with co-investors. Expense arrangements may differ for each co-investor.

Upper Bay is responsible for the ordinary administrative and overhead expenses of Upper Bay and the General Partner(s), including salaries, other compensation and costs of providing benefits, rent and the cost of office equipment.

Fund I is responsible for all "Organization Costs" (up to a certain amount) and "Operating Costs" (including "Investment Expenses") as those terms are defined in the Governing Documents of Fund I. Fund I will reimburse Upper Bay for any such expenses incurred by Upper Bay or its affiliates on behalf of Fund I.

Organizational Costs include all out-of-pocket fees, costs and expenses associated with the formation of Fund I and the General Partner and the offering and sale of limited partnership interests, including all legal, accounting, mailing and courier fees and expenses, filing fees, travel fees (which may include commercial flights and private chartered flights) and other start-up costs and expenses, unless otherwise specified in the applicable Governing Documents.

Operating Costs include all direct, out-of-pocket costs and expenses reasonably incurred relating to the management, conduct and operation of Fund I's business, including (a) the fees and expenses associated with the preparation of the Fund I's financial statements and the reports and other information to investors, tax returns and Schedule K-1, printing expenses, mailing and courier expenses, fees and expenses of establishing and maintaining bank or custodial accounts and insurance costs and expenses relating to protection against liability for loss and damage which may be occasioned by the activities to be engaged in by the Fund, (b) Investment Expenses, including those incurred in connection with potential or proposed but unconsummated transactions, (c) the costs and other amounts attributable to any indebtedness incurred by Fund I, (d) the costs and other amounts attributable to Fund I's obligations under relevant indemnification provisions, (e) the costs and expenses attributable to meetings of the limited partner advisory board ("Advisory Board") or Limited Partners; (f) the fees and disbursements of attorneys, accountants or other service providers relating to Fund I matters, and the costs and expenses (including legal fees and expenses) incurred to comply with any law or regulation, and to any filings, related to the activities of Fund I or the General Partner (excluding, for the avoidance of doubt, any

compliance-related costs related solely to Upper Bay), (g) the taxes and other governmental charges that may be incurred or payable by Fund I's, (h) the fees and expenses incurred in connection with being a signatory of the United Nations Principles of Responsible Investment and (i) other extraordinary, nonrecurring expenses, including the costs and expenses of prosecuting or defending a litigation claim.

Investment Expenses include all third-party fees, costs and expenses incurred in connection with investigating, negotiating, acquiring, holding, selling or exchanging of investments, (including fees and expenses of lawyers, accountants, consultants, engineers, brokerage or finder's fees and investment banker's fees, research expenses, all fees and expenses relating to the recordation and qualification for sale of such investments and all transfer taxes, and travel costs including commercial flights and private charter flights). See *Item 12 – Brokerage Practices* for a discussion of brokerage practices.

Third-party transaction-related costs, fees and expenses incurred by Co-Invest Vehicles in pursuing an investment generally will be borne 100% by Upper Bay and then reimbursed by the co-investors on terms set out in the applicable Governing Documents and side letters. Co-investors generally will pay an amount equal to such co-investor's pro rata share of such costs, fees and expenses.

For Oregon Trail Ventures, co-investors will also pay a 25% premium on such costs, fees and expenses as compensation to Upper Bay for sourcing the investment opportunity, completing the diligence and assuming the risk that the transaction may not be completed.

Co-Invest Vehicles may not pay expenses related to a potential or proposed transaction that is not consummated (*i.e.*, dead deal expenses).

Portfolio companies may pay directly or may reimburse Upper Bay or its affiliates for expenses incurred in conjunction with due diligence investigations, negotiation of documentation or travel to meetings, in each case related to an investment in such portfolio company. To the extent not otherwise recovered from a portfolio company, the Upper Bay Funds may be responsible for such expenses.

The Upper Bay Funds and portfolio companies generally pay or reimburse Upper Bay and its affiliates for all fund-related travel, which may include commercial, business or first-class travel expenses and frequently includes private travel expense, as well as meals and entertainment expenses of Upper Bay personnel, portfolio company management teams, consultants and/or others who participate in business activities related to the Upper Bay Funds or portfolio companies.

As noted in *Item 10 – Other Financial and Industry Activities and Affiliations*, Upper Bay, its affiliates, the Upper Bay Funds or portfolio companies may in the future enter into consulting arrangements for the purpose of obtaining certain advisory or due diligence services with entities owned by John Raymond and with which Mr. Raymond and EMG have a pre-existing business relationship. It should be noted that the Upper Bay Funds or portfolio companies may pay or reimburse consulting fees paid pursuant to such consulting arrangements.

It should be recognized that portfolio companies may have standard indemnification obligations relating to any legal or other proceedings brought against any officers, directors and other parties involved with a portfolio company (each, an "Indemnatee") alleging improper conduct by the Indemnatee in connection with his or her actions for or on behalf of the portfolio company. Such indemnification provisions may include an obligation by the portfolio company to pay or reimburse the Indemnatee for its legal and related expenses in advance of a final decision in such proceedings. However, if that decision finds that the Indemnatee did not meet certain standards of conduct then the Indemnatee would be required to repay such amounts.

If Upper Bay's management services terminate prior to the end of the relevant payment period due to dissolution of an Upper Bay Fund, the General Partner of the applicable Upper Bay Fund will act in accordance with applicable Governing Documents, which is generally expected to include making a final determination of all items of income, gain, loss and expense and, after payment or provision for payment of all liabilities and obligations of the Upper Bay Fund, distributing remaining assets to investors in accordance with the applicable Governing Documents.

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

As mentioned in *Item 5 – Fees and Compensation*, the General Partner of each Upper Bay Fund generally is eligible to receive performance-based compensation in the form of a “carried interest.” The carried interest is effectively equivalent to a percentage of the Upper Bay Fund’s net profits, subject to certain terms and conditions set forth in the Governing Documents of the applicable Upper Bay Fund and relevant agreements with investors or co-investors. Any performance-based compensation will be paid in accordance with Section 205(3) of the Advisers Act and the rules promulgated thereunder, which specify certain qualification thresholds for investors being assessed such a fee. As noted, all investors will meet such qualifications since Upper Bay will not be required to register as investment companies with the SEC in accordance with the exemption set forth in Section 3(c)(7) of the Investment Company Act because all investors will be “qualified purchasers.” Any share of net profits paid to the General Partner is separate and distinct from, and in addition to, any annual management fee charged by Upper Bay to the Upper Bay Funds.

### Mitigating Conflicts of Interest Associated with Carried Interest

A carried interest in the Upper Bay Funds may create a potential incentive for Upper Bay to make more speculative investments for the Upper Bay Funds than they would otherwise make in the absence of such performance-based compensation. For instance, a carried interest generally entitles the General Partner of each Upper Bay Fund to a percentage of net profits of the Upper Bay Fund, subject to certain terms and conditions set forth in the Governing Documents of each Upper Bay Fund; however, the General Partner does not have to bear the same proportion of the net losses, if any, suffered by the applicable Upper Bay Fund. Upper Bay mitigates conflicts of interest associated with a carried interest through: (i) the requirement that applicable capital contributions, a preferred return thereon and related expenses are returned to investors before the General Partners are entitled to receive carried interest amounts; (ii) the requirement that the General Partner and its affiliates make capital commitment to the Fund of no less than 2% of investor commitments; and (iii) the clawback obligation of each General Partner upon dissolution of the applicable Fund.

Additionally, in allocating investment opportunities, there could be potential incentives to favor an Upper Bay Fund with higher potential performance fees or carried interest allocations over Upper Bay Funds with lower potential performance fees or carried interest allocations. Currently Upper Bay only manages Fund I and related Co-Investment Vehicles, along with the JPM advisory relationship. Subject to applicable Governing Documents, neither the General Partner nor any affiliate of the General Partner may sponsor or close the formation of a new infrastructure private equity fund managed by the Firm will substantially similar investment objectives, other than any permitted parallel investment entities or alternative investment structures, or any investment vehicle formed to make permitted co-investments in portfolio companies, until a specific percentage threshold of the aggregate capital commitments of the applicable Upper Bay Fund have been invested, reserved, committed to be invested or reserved for future fees and expenses, as set forth in the Governing Documents of the relevant Upper Bay Fund. Where investment opportunities meet the guidelines of more than one actively-investing Upper Bay Fund or other client, Upper Bay will seek to allocate such opportunities in a manner consistent with its fiduciary duties to each client.

Upper Bay has discretion to allocate investments in a portfolio company between Fund I and a Co-Invest Vehicle and to allocate co-investment opportunities among co-investors. To the extent that a Co-Invest Vehicle and individual co-investors have negotiated different carried interest arrangements than Fund I or other co-investors, there could be an incentive to favor Fund I, a Co-Invest Vehicle or co-investor with higher potential carried interest allocations. Allocations between Fund I and a Co-Invest Vehicle are

generally based on available capital and investment concentration considerations of Fund I consistent with applicable Governing Documents. Co-investment opportunities for Fund I are generally offered, but are not required to be offered, to all Fund investors pursuant to applicable Governing Documents and described further below in *Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading – Allocation of Investment Opportunities*.

Upper Bay is focused on managing conflicts of interest and monitoring the allocation of investment opportunities in these contexts and endeavors to resolve any conflict with respect to investment opportunities in a manner that it deems equitable under the facts and circumstances, consistent with its fiduciary duties. As appropriate, Upper Bay will work closely with the relevant Advisory Board(s) for the Upper Bay Funds to ensure that potential conflicts are properly managed. The role of the Advisory Board is further described in *Item 13 – Review of Accounts*. Investors should refer to the specific provisions of the applicable Governing Documents for more detailed discussion regarding the allocation of investment opportunities among the Funds. See also *Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading – Allocation of Investment Opportunities*.

## ITEM 7 – TYPES OF CLIENTS

As noted in *Item 4 – Advisory Business*, Upper Bay provides discretionary investment advisory services to the Upper Bay Funds, which are pooled investment vehicles operating as private investment funds exempt from registration under the Investment Company Act. Each investor in the Fund must meet the eligibility provisions outlined in *Item 4* above. Investments in the Funds may be subject to a minimum initial investment amount per investor, subject to increase, decrease or waiver at the discretion of Upper Bay and the General Partner of each Upper Bay Fund. Upper Bay provides non-discretionary investment management services to JPM with respect to DevCo and may provide investment management services to other institutional clients in the future.

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

### Strategies

Upper Bay pursues infrastructure investments predominantly in the North American middle market, diversified across the transportation, power & utilities, midstream, and telecommunications sectors. The Firm will seek to construct a balanced portfolio of stable and mature infrastructure investments as well as growth-oriented platform investments that stand to profit from macroeconomic factors. In order to achieve what Upper Bay believes to be the most attractive risk-adjusted returns across the infrastructure industry, the Firm combines a “top-down” approach to identify sector themes with a “bottom-up” philosophy to prioritize exclusive opportunities with successful operators and developers.

Although a substantial majority of the Upper Bay Funds’ investments will be located in North America, the Firm will also seek investment opportunities in other geographic locations, including the United Kingdom, the European Union, Australia, Mexico and Chile.

From a portfolio construction perspective, Upper Bay will seek to establish a well-balanced fund with roughly equal allocation between the target sectors for each Upper Bay Fund. However, each Upper Bay Fund will not maintain specific allocation targets per sector, which Upper Bay believes would be overly restrictive. Instead, Upper Bay wishes to maintain flexibility to make investment decisions based on a relative value analysis across the four sectors, enabling the Firm to make judgements based on which opportunities are most attractive.

To execute on the Firm’s broad investment mandate, Upper Bay will employ a consistent investment thesis and approach. Specifically, the Firm will seek to identify investments that exhibit some or all of the following tenets of the Firm’s philosophy:

1. ***Focus on Proprietary Pipeline*** – Upper Bay believes exclusive transactions offer the opportunity to optimize investment structure and achieve attractive valuations. Upper Bay prefers to spend a small amount of development capital, akin to deal pursuit costs in auctions, rather than participate in competitive processes where ultimate prices are higher. Proprietary transactions should also enable the Team to spend more time with management teams conducting due-diligence and jointly formulating long-term strategy prior to close to help lower the risk of the investment.
2. ***Growth Infrastructure with Strong Macroeconomics Support*** – Across the infrastructure sector, there is significant demand for capital while traditional funding sources (i.e. public municipalities) are capital-constrained. Upper Bay will focus on platform opportunities in sectors that it believes may provide compelling value to society. In evaluating investment opportunities, Upper Bay will evaluate industry thematic and expects to be able to adjust as markets evolve.
3. ***Disciplined Value Investment Philosophy and Prudent Capital Structure*** – Upper Bay will utilize the extensive credit experience of the Upper Bay management team to seek deal structures that provide downside protection and minimize bankruptcy risk. In managing the Upper Bay Funds, Upper Bay will seek to invest based on a fundamental valuation analysis of potential investments, including (where applicable) the analysis of historical and projected cash flows, financial statements, and asset valuations. Upper Bay’s investment analysis will focus on the ability to provide sufficient cash flow to achieve an acceptable return and historical asset valuations over an extended period of time, rather than the relative value of the investment that may be implied by recent market trends.



4. ***Partnership with Leading Industry Operators*** – Upper Bay will utilize its extensive network of industry relationships to seek partnerships with operators who can provide attractive, exclusive opportunities. In cases where an Upper Bay Fund partners with a management team that Upper Bay has not worked with previously, the Firm will utilize personal contacts or more formal third-party references to validate the management team.

### **Material Investment Risks**

Investment in the Funds entails a significant degree of risk and should be undertaken only by investors capable of evaluating the risks of the Funds and bearing the risks it represents.

Upper Bay's investment activities involve a high degree of risk with no certainty of any return of capital contributed. There can be no assurance that the Funds will meet their investment objectives or successfully carry out their investment programs. Further, there is no assurance that profits will be achieved or that substantial losses will not be incurred. The following summary of material risks attendant to an investment in the Funds is not a complete list of all investment and operating risks associated with such investment, a more detailed discussion of which is set forth in each Fund's PPM.

The risk sets below are categorized according to: (i) adviser selection risks; (ii) portfolio strategy risks; (iii) private equity risks; (iv) industry specific risks; (v) general investment risks; and (vi) operational risks. The Funds and investors in the Funds as well as other clients should be prepared to bear losses in both principal invested and unrealized capital gains.

#### **Adviser Selection Risks**

##### ***No Operating History***

While the Co-Founders have substantial experience investing in the types of opportunities each Upper Bay Fund intends to pursue, Fund I has no operating history upon which prospective investors can evaluate Fund I's anticipated performance.

##### ***Limited Partners Have No Control in the Management of the Funds.***

Limited partners have no right or power to take part in the management of the Funds and have only limited rights to remove the General Partner or the Adviser. Accordingly, an investor should not purchase limited partnership interests in a Fund unless such investor is willing to entrust all aspects of the management of the Fund to the General Partner and the Adviser.

##### ***The Loss of Key Personnel May Materially and Adversely Affect the Funds' Performance.***

The success of the Funds and client investments is highly dependent on the financial and managerial expertise of the Managing Partners and Investment Committee. However, there can be no assurance that such individuals will continue to be associated with the respective General Partner and the Adviser or their affiliates throughout the life of each Fund and, accordingly, the loss of one or both Managing Partners or other Investment Committee member may materially and adversely affect the Funds' performance. Further, the success of Upper Bay's strategy for the Funds depends, at least in part, on its strategic relationship with Mr. Raymond and the effective cooperation and collaboration between Upper Bay and Mr. Raymond. If Upper Bay and Mr. Raymond are unable to agree with respect to decisions requiring joint approval, such disagreement could adversely affect the performance of the Fund and the ability of the Fund to consummate investments or otherwise achieve its investment objectives.

## Portfolio Strategy Risks

### *The Funds' Investments May Not Be in the Best Interests of Some Limited Partners.*

Each Fund has a diverse range of limited partners that may have conflicting interests that, in turn, stem from differences, among others, in investment preferences, domicile, tax status and regulatory status. The Investment Committee of each Fund will attempt to consider the objectives of the Fund as a whole when making decisions with respect to the selection, structuring and sale of portfolio investments, but it is inevitable that such decisions may be more beneficial for some limited partners over others.

### *The Funds May Not Achieve Results Similar to Past Performance.*

There can be no assurance that each Fund's returns will approach the individual or collective performance of the Managing Partners that was achieved in the past or that was experienced by the investors in other businesses or transactions managed or initiated by any of the Managing Partners. The loss of all or a portion of the amount invested in each Fund's investments is possible.

## Private Equity Risks

### *Limited Partners' Interests in the Funds Have Limited Transferability.*

Limited partners may not sell, assign or transfer their interests (other than to an affiliate, subject to the requirements set forth in the Governing Documents of the applicable Fund) without the prior written consent of the General Partner of the applicable Fund, which consent is subject to staying within a safe harbor so that the Funds will not risk being deemed "publicly traded partnerships."

### *The Funds Invest in Illiquid Securities with a Limited Secondary Market.*

The Funds are closed-ended. Most investments made by a Fund initially will not have a readily available public market. In addition, the transferability of certain investments may be restricted under the terms of the underlying portfolio companies' governing documents.

## Industry Specific Risks

### *Infrastructure Investments are Subject to Specific Risks*

The Funds are subject to certain risks associated with the ownership of infrastructure and infrastructure-related assets in general, including: the burdens of ownership of infrastructure; local, national and international economic conditions; the supply and demand for services from and access to infrastructure; the financial condition of users and suppliers of infrastructure assets; changes in interest rates and the availability of funds which may render the purchase, sale or refinancing of infrastructure assets difficult or impractical; changes in environmental and planning laws and regulations, and other governmental rules; environmental claims arising in respect of infrastructure acquired with undisclosed or unknown environmental problems or as to which inadequate reserves have been established; changes in energy prices; changes in fiscal and monetary policies; negative economic developments that depress travel; uninsured casualties; force majeure acts, terrorist events, under-insured or uninsurable losses; and other factors which are beyond the reasonable control of the Fund. Infrastructure risks further include, among others: (1) government and agency risks; (2) risks associated with concessions, leases and public ways; (3) risks associated with investment relying on public demand and usage; (4) operations and maintenance risks; and (5) risks associated with construction and other capital expenditures.

In many instances, the making or acquisition of infrastructure investments involves an ongoing commitment to a municipal, state or federal government, quasi-government, industry, self-regulatory or other relevant regulatory authority, body or agency ("Regulatory Agencies"). The nature of these obligations exposes the owners of infrastructure investments to a higher level of regulatory control than typically imposed on other businesses. Regulatory Agencies may impose conditions on the construction,

operations, and activities of an infrastructure asset as a condition to granting their approval or to satisfy regulatory requirements. Infrastructure investments involve specific risks associated with their reliance on government licenses, concessions, leases or contracts. Certain infrastructure investments may derive substantially all of their revenues from tolls, tariffs, and other usage or through-put related fees, which may be subject to rate regulation by Regulatory Agencies.

#### *Energy Sector Investments are Subject to Specific Risks*

The Funds expect to invest in the energy sector and related sub-sectors. These investments are sensitive to, among other things, fluctuations in fuel supply and demand, interest rates, seasonal fluctuations, special risks of constructing and operating facilities, lack of control over pricing, merger and acquisition activity and regulation. The global energy markets have recently been, and may continue to be, volatile and may cause large fluctuations in the value of the Fund's assets. The market for renewable energy assets and businesses (e.g., wind, solar, hydro, geothermal, etc.) continues to evolve rapidly. Diverse factors, including the cost-effectiveness, performance and reliability of renewable energy technology, changes in weather and climate and availability of government subsidies and incentives, as well as the potential for unforeseeable disruptive technology and innovations, present potential challenges to investments in renewable assets.

#### General Investment Risks

##### *The Funds May Invest in Foreign Investments, Which Have Increased Risks.*

Although the Funds will focus primarily on investments in securities of corporations and other entities organized in the United States, the Funds may make investments in companies domiciled in other jurisdictions, including the United Kingdom, the European Union, Australia, Mexico and Chile. Investments in securities of foreign companies entail risks in addition to the risks of investment in U.S. companies. As foreign securities normally are denominated and traded in foreign currencies, the value of the Fund's foreign investments may be affected favorably or unfavorably by currency exchange rates, currency control regulations, foreign withholding taxes and restrictions or prohibitions on the repatriation of foreign currencies. Additional risks of investing outside the United States may include economic dislocations in the host country, less publicly available information, less developed regulatory institutions and supervision, the existence of foreign settlement procedures and trade regulations that involve risks and expenses not present in the settlement of domestic investments, a greater difficulty of enforcing legal rights in a foreign jurisdiction, and political or social instability. These risks would be magnified in any emerging market that a Fund may choose to invest in.

##### *Economic and Market Conditions.*

The success of each Fund's activities will be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, and changes in laws, trade barriers, currency exchange controls and national and international political conditions. These factors may affect the level and volatility of securities prices and the liquidity of a Fund's assets. Volatility or illiquidity could impair a Fund's profitability or result in losses.

##### *Regulatory Risks.*

Each Fund relies on various exemptions from federal and state statutes and rules, such as the U.S. Employee Retirement Income Security Act of 1974, as amended, the Investment Company Act, the Securities Act and the Commodities Exchange Act, to operate without having to register under such statutes and rules. Loss of any such exemption, or a change in these or any other rules and regulations, such as those promulgated under the Advisers Act and the U.S. Internal Revenue Code, could impact a Fund's ability to continue to operate as it currently does.

Additionally, the Adviser is subject to regulation under the Advisers Act. The SEC has intensified its focus on private fund advisers and periodically examines advisers to assess their compliance with Advisers Act requirements. Any examination findings of the SEC staff may impose new costs or require changes in Upper Bay's current or planned business operations. The Adviser's failure to comply with the Advisers Act or other regulatory requirements could lead to, among other remedies, administrative enforcement actions and legal proceedings.

#### *Tax Considerations.*

An investment in the Funds may involve complex U.S. or international income tax considerations that will differ for each investor. Under certain circumstances, investors could be required to recognize taxable income in a taxable year, even if the applicable Fund either has no net profits in such year or has an amount of net profits in such year that is less than such amount of taxable income.

#### *Conflicts of Interest.*

Fund investments are subject to various conflicts of interest, including those between co-investors in specific projects, between various investors in each Fund, and between Upper Bay and each Fund. Certain of these conflicts are more fully discussed in *Item 10 – Other Financial and Industry Activities and Affiliations*, under *Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading*, and in each Fund's Governing Documents.

#### Operational Risks

##### *Cybersecurity Risk.*

Upper Bay, the Funds, respective affiliates and service providers depend on information technology systems and, notwithstanding the diligence that Upper Bay or its affiliates may perform on service providers, it may not be able to verify the risks or reliability of such information technology systems. Upper Bay, the Funds and its respective affiliates and service providers are subject to risks associated with a breach in cybersecurity. "Cybersecurity" is a generic term used to describe the technology, processes and practices designed to protect networks, systems, computers, programs and data from both intentional cyber-attacks and hacking by other computer users as well as unintentional damage or interruption that, in either case, can result in damage and disruption to hardware and software systems, loss or corruption of data, and/or misappropriation of confidential information. Upper Bay, its affiliates and its information and technology systems are vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Although Upper Bay has implemented various measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, Upper Bay or an affiliate may have to make a significant investment to fix or replace them. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in Upper Bay's, a Fund's or any of Upper Bay's respective affiliates' operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). Such a failure could harm Upper Bay's or its affiliates' reputation, subject any such entity and their respective affiliates to legal claims and otherwise affect its business and financial performance. Such damage or interruptions to information technology systems may cause losses to the Funds or individual investors by interfering with the operations of Upper Bay and its affiliates (or service providers). The Funds may also incur substantial costs as the result of a cybersecurity breach, including those associated with forensic analysis of the origin and scope of the breach, increased and upgraded cybersecurity, identity theft, unauthorized use of proprietary information, litigation, adverse investor reaction, the dissemination of confidential and proprietary information and reputational damage. Any such breach could expose Upper Bay, the Funds, and Upper Bay's respective affiliates to civil, legal

or regulatory liability as well as regulatory inquiry and/or action, and the Funds may be required to indemnify Upper Bay and its affiliates against any losses incurred in connection therewith. Cybersecurity issues and risks are currently a major focus area of the SEC and other regulatory authorities.

## ITEM 9 – DISCIPLINARY INFORMATION

### Plains All American Pipeline, L.P. – Line 901 Incident

In May 2015, Plains All American Pipeline, L.P. (Plains), experienced a crude oil release from its Las Flores to Gaviota Pipeline (Line 901) in Santa Barbara County, California. A portion of the released crude oil reached the Pacific Ocean at Refugio State Beach through a drainage culvert. Following the release, Plains shut down the pipeline and initiated its emergency response plan. John Raymond serves as a director of Plains and PAGP. John Raymond is also on the Firm's Investment Committee and is an owner of Upper Bay.

As a result of the Line 901 incident, several governmental agencies and regulators initiated investigations into the Line 901 incident, various claims have been made against Plains and its directors and a number of lawsuits have been filed against Plains and its directors. Plains and its directors may be subject to additional claims, investigations and lawsuits, which could materially impact the liabilities and costs Plains currently expects to incur as a result of the Line 901 incident.

Shortly following the Line 901 incident, Plains established a claims line and encouraged any parties that were damaged by the release to contact Plains to discuss their damage claims. Plains has received a number of claims through the claims line and is processing those claims as they are received. In addition, Plains has had nine class action lawsuits filed against it, six of which have been administratively consolidated into a single proceeding in the United States District Court for the Central District of California. In general, the plaintiffs are seeking to establish different classes of claimants that have allegedly been damaged by the release. To date, the court has certified two sub-classes of claimants and denied certification of the other proposed sub-classes. The sub-classes that have been certified include (i) commercial fishermen who landed fish in certain specified fishing blocks in the waters adjacent to Santa Barbara County or persons or businesses who resold commercial seafood landed in such areas, and (ii) individuals or businesses who were employed by or had contracts with certain designated oil platforms and related on shore processing facilities in the vicinity of the release as of the date of the release. Plains is appealing the oil industry class certification. Plains is also defending a separate class action lawsuit proceeding in the United States District Court for the Central District of California brought on behalf of the Line 901 and Line 903 easement holders seeking injunctive relief as well as compensatory damages.

There have also been two securities law class action lawsuits filed on behalf of certain purported investors in Plains and/or PAGP against Plains, PAGP and/or certain of their respective officers, directors and underwriters. Both of these lawsuits have been consolidated into a single proceeding in the United States District Court for the Southern District of Texas. In general, these lawsuits allege that the various defendants violated securities laws by misleading investors regarding the integrity of Plains' pipelines and related facilities through false and misleading statements, omission of material facts and concealing of the true extent of the spill. The plaintiffs claim unspecified damages as a result of the reduction in value of their investments in Plains and PAGP, which they attribute to the alleged wrongful acts of the defendants. Plains and PAGP, and the other defendants, denied the allegations in, and moved to dismiss these lawsuits. On March 29, 2017, the Court ruled in the defendants' favor dismissing all claims against all defendants. Plaintiffs have refiled their complaint. On April 2, 2018, the Court dismissed all of the refiled claims against all defendants with prejudice. Plaintiffs have appealed the dismissal. Consistent with and subject to the terms of Plains' governing organizational documents (and to the extent applicable, insurance policies), Plains is indemnifying and funding the defense costs of its officers and directors in connection with this lawsuit.

In addition, four unitholder derivative lawsuits have been filed by certain purported investors in Plains against Plains, certain of its affiliates and certain officers and directors. One lawsuit was filed in State District Court in Harris County, Texas and was subsequently dismissed by the Court. Two of these lawsuits were filed in the United States District Court for the Southern District of Texas and were administratively consolidated into one action and later dismissed on the basis that Plains' LPA requires that derivative suits be filed in Delaware Chancery Court. Following the order dismissing the Texas Federal Court suits, a new derivative suit brought by different plaintiffs was filed in Delaware Chancery Court and subsequently dismissed without prejudice. Plaintiffs amended and refiled their complaint on June 3, 2019. Consistent with and subject to the terms of Plains' governing organizational documents (and to the extent applicable, insurance policies), Plains is indemnifying and funding the defense costs of its officers and directors in connection with this lawsuit. Plains has also received several other individual lawsuits and complaints from companies and individuals alleging damages arising out of the Line 901 incident. These lawsuits and claims generally seek compensatory and punitive damages, and in some cases permanent injunctive relief.

In addition to the foregoing, as the "responsible party" for the Line 901 incident, Plains is liable for various costs and for certain natural resource damages under the Oil Pollution Act, and Plains also has exposure to the payment of additional fines, penalties and costs under other applicable federal, state and local laws, statutes and regulations.

Taking the foregoing into account, as of September 30, 2019, Plains estimates that the aggregate total costs it has incurred or will incur with respect to the Line 901 incident will be approximately \$380 million, which estimate includes actual and projected emergency response and clean-up costs, natural resource damage assessments and certain third-party claims settlements, as well as estimates for fines, penalties and certain legal fees. As of September 30, 2019, Plains had a remaining undiscounted gross liability of \$79 million related to this event.

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

Neither Upper Bay, General Partner nor their management persons are registered as, or have an application pending as, securities broker-dealers, futures commission merchants, commodity pool operators or commodity trading advisors.

### Upper Bay Funds

As noted throughout this Brochure, Upper Bay and its advisory affiliates or persons controlled by or under common control with Upper Bay (its “related persons”) are, directly or indirectly, managing members of the General Partner. Subject to applicable Governing Documents, the General Partner may organize and/or manage one or more parallel investment entities to facilitate participation by certain investors in investment opportunities to accommodate legal, tax, regulatory or other similar considerations of such investors. Such parallel investment entities will invest in each investment opportunity selected by the General Partners on substantially the same economic terms and conditions and with such differences in the form of such investment as may be required by the legal, tax, regulatory or other similar considerations referred to above.

Consistent with applicable Governing Documents, Upper Bay may establish Co-Invest Vehicles to enable limited partners and other strategic investors, to co-invest in portfolio companies alongside the Upper Bay Funds. Such Co-Invest Vehicles may invest in a portfolio company in advance of, concurrent with or following the Upper Bay Fund’s investment in such portfolio company. Oregon Trail Ventures was the first Co-Invest Vehicle formed by Upper Bay, and closed on its investment transaction prior to the first third party investor closing for Fund I. Generally, Co-Invest Vehicles will invest on substantially the same economic terms and conditions as the related Upper Bay Fund. As noted in *Item 5 – Fees and Compensation*, the fee structure for Co-Invest Vehicles may be different than the related Upper Bay Fund. See *Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading – Related Party Investments*

Subject to applicable Governing Documents, neither the General Partner nor any affiliate of the General Partner generally may sponsor or close the formation of a new infrastructure private equity fund managed by them with a substantially similar investment objective, other than any permitted parallel investment entities or alternative investment structures, or any Co-Invest Vehicle formed to make permitted co-investments in portfolio companies, until a specific percentage threshold of the aggregate capital commitments has been invested, reserved, committed to be invested or reserved for future fees and expenses. Typically, the percentage threshold is 75% of aggregate capital commitments. Upper Bay is focused on managing conflicts of interest and monitoring the allocation of investment opportunities in these contexts and endeavors to resolve any conflict with respect to investment opportunities in a manner that it deems equitable under the facts and circumstances, consistent with its fiduciary duties. As appropriate, Upper Bay will work closely with the Advisory Board(s) to ensure that potential conflicts are properly managed. Investors should refer to the specific provisions of applicable Governing Documents for more detailed discussion regarding the allocation of investment opportunities.

### Involvement in Portfolio Companies

The Managing Partners and certain supervised persons of Upper Bay spend a substantial portion of their business time on one or more of the Upper Bay Funds and their underlying portfolio company investments, in certain cases as required under the terms of applicable Governing Documents. Please refer



to *Item 4 – Advisory Business* for a discussion of this component of Upper Bay’s services. The Managing Partners or supervised person’s involvement with portfolio company operations may introduce a conflict of interest between the fiduciary duty he or she owes as a member of a portfolio company board and the fiduciary duty he or she owes to the Upper Bay Fund. As a result of such service, the Managing Partners or supervised persons may become aware, from time to time, of material non-public information about the portfolio company or public companies affiliated with or that otherwise do business with the portfolio company. Such knowledge of material non-public information is likely to be attributed to Upper Bay and may create a conflict of interest between the portfolio company and Upper Bay. Upper Bay’s *Code of Ethics* and related internal controls with respect to insider trading and safeguarding confidential information seek to prevent the potential misuse of such material non-public information. See the discussion of the *Code of Ethics* under *Item 11* of this Brochure.

## EMG

Upper Bay has received an anchor commitment from John Raymond, majority owner and Chief Executive Officer of EMG, who is a member of Upper Bay’s Investment Committee and an owner of the General Partner and Upper Bay. A portion of Mr. Raymond’s commitment will be used to fund organizational costs and general administrative expenses of Upper Bay prior to the initial close of Fund I. EMG is a specialized private equity firm focused on making investments in the global natural resources industry. As a result of its relationship with EMG, Upper Bay expects to capitalize on EMG’s technical, operational and investment expertise as well as benefit from its origination networks. Upper Bay expects to leverage EMG’s well-known and respected brand across the natural resource industry to secure a proprietary pipeline of infrastructure opportunities. Mr. Raymond’s commitment was used to facilitate Fund I’s initial investment in Oregon Trail Ventures and may be used to warehouse other deal opportunities prior to the final close of Fund I, as discussed further in *Principal & Cross Transactions* under *Item 11* of this Brochure. EMG may offer Upper Bay other investment opportunities that do not fit within the investment parameters of the EMG funds or require additional capital beyond the commitment by EMG and its partners. In addition, Upper Bay anticipates gaining access to EMG’s investor base for current and future fundraising.

As noted in *Item 5 – Fees and Compensation*, Upper Bay has entered into an administrative services agreement with EMG OpCo to provide accounting, financial reporting and other back office and fund administration services to Upper Bay and Fund I and may in the future provide administrative services to other Upper Bay Funds, Co-Invest Vehicles and/or portfolio companies. Pursuant to such agreement(s), Upper Bay and the Upper Bay Funds will pay an administration fee at a rate that Upper Bay believes to be no greater than would be obtained from an unaffiliated service provider on an arm’s length basis.

## Other Activities

The Managing Partners and affiliates of Upper Bay hold or may hold direct and/or indirect personal or family investments in various entities, companies, investments and assets/properties, including Upper Bay Funds, EMG or other entities, and serve or may serve on boards of directors, investment committees and advisory boards for such companies or entities. Upper Bay “access persons,” as that term is defined in Rule 204A-1 under the Advisers Act, are subject to the Firm’s Code of Ethics & Employee Reporting Procedures (“Code of Ethics”), which govern, among other things, personal trading activities, business activities outside Upper Bay, handling of material non-public information obtained either through Upper Bay or activities outside Upper Bay, and the conflicts of interests related to such activities.

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

### Code of Ethics and Fiduciary Duty

Upper Bay has adopted a Code of Ethics setting forth the fiduciary standards of business conduct and compliance with applicable laws that are expected of Upper Bay's supervised persons and addresses conflicts that may arise from personal trading conducted by Upper Bay's access persons. The Code of Ethics is the primary policy document of Upper Bay that defines the expectation and requirement of professional and ethical conduct by all supervised persons.

The Code of Ethics contain policies and procedures relating to: (i) fiduciary standards of conduct for Upper Bay and its personnel; (ii) personal securities transactions; (iii) insider trading; (iv) allocation of business opportunities; (v) outside business activities; (vi) gifts and entertainment; and (vii) political contributions. Supervised persons receive the Code of Ethics upon hire and upon any material changes thereto. All supervised persons must annually certify and acknowledge that they have received, read and understood, and agree to comply with Upper Bay's policies and procedures described in the Compliance Manual and Code of Ethics. Supervised persons are subject to disciplinary sanctions or termination for failure to honor the Code of Ethics.

Clients or prospective clients may obtain a copy of Upper Bay's Code of Ethics by contacting Upper Bay's Chief Executive Officer, Marietta Moshiaashvili at (212) 655-8800 or by email at [mmoshiaashvili@ubaycap.com](mailto:mmoshiaashvili@ubaycap.com) or Chief Compliance Officer, Kimberly Garber, at (212) 655-8800 or by email at [kgarber@ubaycap.com](mailto:kgarber@ubaycap.com).

### Fiduciary Standards of Conduct

Upper Bay always must act in its clients' best interests. It is the policy of Upper Bay to discharge its fiduciary duty in a manner that is consistent with the following:

- putting client interests first at all times;
- acting with the utmost good faith;
- providing full and fair disclosure of all material facts;
- never misleading clients;
- eliminating or responsibly managing all conflicts of interest; and
- disclosing material conflicts of interest to clients.

At all times, Upper Bay and its supervised persons must comply with the letter and spirit of all applicable laws, including the Advisers Act and all applicable federal and state securities laws.

All supervised persons of Upper Bay must act with competence, dignity, integrity, and in an ethical manner when dealing with clients, the public, third-party service providers and fellow supervised persons. Supervised persons must use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations and engaging in other professional activities.

## Personal Securities Transactions

Upper Bay considers all its supervised persons to be access persons. Upper Bay's personal securities transactions policies and procedures apply to all accounts holding any securities over which access persons have any beneficial ownership interest, except for certain accounts over which the access person has no direct or indirect influence or control and accounts holding only open-end mutual funds, US government securities or money market instruments that are exempt from reporting under Upper Bay's Code of Ethics.

Upper Bay monitors and controls personal trading by access persons through:

- receipt and review of each access person's personal securities holdings reports (required within 10 days of becoming an access person and annually thereafter) and quarterly transaction statements;
- maintenance of a restricted list of securities that to trade, access persons must receive pre-approval from the Compliance Committee; and
- pre-approval from the Compliance Committee of any proposed trade in securities on Upper Bay's restricted list, initial public offerings, and any private placements.

Employees may invest in the same securities held in the Upper Bay Funds, including public securities issued in the initial public offering of a portfolio company, or other public securities of or related to fund portfolio companies. Conflicts related to such personal holdings are addressed through the controls noted above. Employees are prohibited from engaging in front-running ahead of the Upper Bay Fund.

## Insider Trading

Upper Bay prohibits any access person from illegally trading, either personally or on behalf of others, on material non-public information. Further, Upper Bay prohibits unauthorized access to or the disclosure of material non-public information to any entity regardless of the circumstances.

As discussed in *Item 10 – Other Financial and Industry Activities and Affiliations*, from time to time, Upper Bay and its affiliates may obtain material, non-public information about another company. For example, an employee of Upper Bay may serve on a board of directors of a company in which the Funds invest, either directly or indirectly. Serving in such a capacity may expose the employee, and by association Upper Bay and the Upper Bay Funds, to certain limitations on the ability to trade in the securities of the company; therefore, the Upper Bay Funds' ability to trade in the securities of such company may become substantially restricted. The Upper Bay Funds' ability to buy and sell such securities may be limited to such times as company insiders are permitted to do so. These limitations may cause the Upper Bay Funds to forgo purchases or sales that it otherwise would make, thereby exposing the Upper Bay Funds to lost opportunities.

Upper Bay monitors risks associated with material non-public information by:

- providing periodic employee education and training;
- monitoring outside business activities of access persons and their involvement in the management of the portfolio companies of the Upper Bay Funds;
- monitoring and restricting personal trading of access persons, their immediate family members and members of their household;
- requiring pre-approval of certain securities transactions;

- maintaining a restricted list of companies for which Upper Bay or its access persons may have material non-public information; access persons are prohibited from trading in the securities of such companies; and
- maintaining a compliance program to monitor the activities of access persons.

#### Allocation of Investment Opportunities

Subject to the Governing Documents for the relevant Upper Bay Fund, neither the General Partner nor any affiliate of the General Partner of an Upper Bay Fund generally may sponsor or close the formation of a new infrastructure private equity fund managed by the Firm with substantially similar investment objectives, other than any permitted parallel investment entities or alternative investment structures, or any Co-Invest Vehicle formed to make permitted co-investments in portfolio companies, until a specific percentage threshold of the aggregate capital commitments of the relevant Upper Bay Fund have been invested, reserved, committed to be invested or reserved for future fees and expenses, as set forth in the applicable Governing Documents of the relevant Upper Bay Fund.

Where investment opportunities meet the guidelines of more than one actively-investing Upper Bay Fund or other client, Upper Bay will seek to allocate such opportunities in a manner consistent with its fiduciary duties to each client. Allocations between an Upper Bay Fund and related Co-Invest Vehicle are generally based on available capital and investment concentration considerations of the Upper Bay Fund consistent with applicable Governing Documents. Investment allocations must be approved by the Investment Committee. See *Related Party Investments* below.

The General Partner will generally offer, but is not required to offer, co-investment opportunities to Fund investors based on each investor's capital commitment. A larger portion of a co-investment opportunity may be offered to investors who participated in an Upper Bay Fund's earlier closing. However, to the extent that the General Partner determines in good faith that following such procedures would not be practicable for a particular co-investment opportunity, the General Partner may allocate such opportunity to specific investors or other third parties in its sole discretion. Oregon Trail Ventures and potentially other Co-Invest Vehicles are expected to close prior to accepting any third-party capital commitments in Fund I. Interests in such Co-Invest Vehicle have been offered to qualified investors who may ultimately also be investors in Fund I.

Upper Bay is focused on managing conflicts of interest and monitoring the allocation of investment opportunities in these contexts and endeavors to resolve any conflict with respect to investment opportunities in a manner that it deems equitable under the facts and circumstances, consistent with its fiduciary duties. As appropriate, Upper Bay will work closely with the relevant Advisory Board(s) to ensure that potential conflicts are properly managed. The role of the Advisory Board is further described in *Item 13 – Review of Accounts*. Investors should refer to the specific provisions of the Governing Documents of the applicable Upper Bay Fund for more detailed discussion regarding the allocation of investment opportunities among the Upper Bay Funds.

#### Outside Business Activities

Upper Bay's access persons may not be employed by, or accept compensation from, any person or entity other than Upper Bay and its affiliates (including portfolio companies) to the extent that such employment or activity conflicts with Upper Bay's ability to serve its clients.

Upper Bay monitors the outside business activities of access persons by requiring each access person to submit for pre-approval by the Compliance Committee all proposed business activities that are not directly associated with the access person's professional responsibilities at Upper Bay.

For additional information on Upper Bay's access persons' outside business activities, see *Item 10 – Other Financial and Industry Activities and Affiliations*.

#### Gifts and Entertainment

Upper Bay's access persons may receive gifts or attend business meals, sporting events and other entertainment events at the expense of a giver, provided that the gift or entertainment is not lavish or extravagant in nature. Upper Bay's gifts and entertainment policy implements internal controls to monitor the behavior of access persons, which include:

- requiring access persons to report gifts and entertainment above certain de minimis amounts to the Compliance Committee;
- requiring pre-clearance by the Compliance Committee for an access person's attendance at any entertainment event over a certain monetary threshold; and
- maintaining a gift and entertainment log to ensure that Upper Bay is informed of the activities of all access persons.

#### Political Contributions

Upper Bay has adopted a political contributions policy to facilitate compliance with rules regarding the political activities of registered investment advisers doing business with government entities (referred to as "pay-to-play" rules). All access persons, their immediate family members and members of their household are prohibited from directly or indirectly making, coordinating, or soliciting any U.S. political contribution, except as specifically permitted by the Compliance Committee. Political contributions include any contribution to or for:

- Any candidate or candidate's campaign for federal, state, or local office;
- Any political party committee;
- Any political committee (such as a political action committee);
- Any other political organization exempt from federal income taxes under Section 527 of the Internal Revenue Code (e.g., the Republican Governors Association or the Democratic Governors Association);
- Any ballot measure campaign; or
- Any inaugural or transition committee of a successful candidate for federal, state, or local office.

#### Employee Interests in the Upper Bay Funds and Portfolio Companies; Other Arrangements

Through the limited partnership structure, affiliates and supervised persons of Upper Bay may have indirect beneficial interests in the assets owned by the Upper Bay Funds and may share in any profits and losses generated by Upper Bay Fund investments. In particular, related persons of Upper Bay may purchase or own interests in the Upper Bay Upper Bay Funds and portfolio company investments held by one or more Funds through an ownership interest in the General Partner of an Upper Bay Fund, limited partnerships established to facilitate employee participation in the Upper Bay Funds and/or a Co-Invest Vehicle. When required by the respective Governing Documents, such employees will be subject to their pro rata share of Upper Bay Fund or co-investment expenses with respect to such investments, other than management fees, carried interest or other fees paid to Upper Bay or an affiliate.

In the event a supervised person with a beneficial interest in an Upper Bay entity or an Upper Bay Fund (indirectly through an Upper Bay controlled entity) leaves the company, in certain situations Upper Bay may elect to repurchase the person's interest in the entity and/or Upper Bay Fund at cost plus an agreed

upon percentage, which may be more or less than the current fair value of the respective interest in entity or Upper Bay Fund. If a departing supervised person has a beneficial interest in a Co-Invest Vehicle, the person may generally elect to retain his/her interest in the Co-Invest Vehicle.

Upper Bay supervised persons or affiliates may own other interests in certain equity or debt securities issued by portfolio companies, consistent with applicable Governing Documents and Upper Bay's Code of Ethics, and as disclosed in public filings with the SEC, if required. Supervised persons may be permitted to participate in IPOs, secondaries or otherwise purchase or sell public securities of portfolio companies to the extent such transactions are permitted and pre-approved under the firm's Code of Ethics and are not subject to blackout restrictions. Other investments or transactions by any Upper Bay principal in any security issued by a portfolio company generally must be disclosed to, and consent received from, the respective Upper Bay Fund's Advisory Board, except as otherwise permitted by applicable Governing Documents and as is consistent with the Advisers Act.

Upper Bay always endeavors to act in the best interests of the Upper Bay Funds; however, investors should be aware that the receipt of compensation and other amounts by Upper Bay, its supervised persons and affiliates creates a potential conflict of interest with respect to such transactions. Upper Bay's policies prohibit the allocation of investment opportunities based on anticipated compensation or profits to the Firm, Upper Bay, any affiliates or their professionals. Where actual or potential conflicts between Upper Bay, its supervised persons and the Upper Bay Funds are identified, procedures contained in Upper Bay's Code of Ethics, Compliance Manual and Fund Governing Documents may provide for submission of the proposed transaction to an Advisory Board for review and resolution. The role of the Advisory Board is further described in *Item 13 – Review of Accounts*.

#### Side Letters

Upper Bay may enter into arrangements with certain investors and co-investors, in connection with the investor's admission into an Upper Bay Fund or Co-Invest Vehicle, without the approval of any other investor. The arrangements may have the effect of establishing rights under, or supplementing or modifying the terms of, the Governing Documents of the relevant Upper Bay Fund with respect to the investor and may include rights or terms necessary to address specific legal, regulatory, investment or public policy restrictions of an investor. Upper Bay may also enter into side letter agreements with investors that establish rights under, or alter or supplement the terms of, applicable Governing Documents in a manner that may be more favorable to such investors than those applicable to other investors. Subject to the terms of the relevant Governing Documents, limited partners may become beneficiaries of more favorable side letter terms granted to other investors. Such agreements may include more favorable fees, carried interest or expenses, among other provisions.

All side letter agreements must be approved by the Managing Partners. The Compliance Committee is responsible for monitoring compliance with each side letter.

#### Related Party Investments

Subject to Upper Bay Fund Governing Documents, the General Partner of an Upper Bay Fund generally does not have the power or authority to authorize that Fund's investment in (i) any portfolio company of another Upper Bay Fund or any other investment vehicle sponsored by Upper Bay its affiliates or any of their respective officers, directors or employees (the "Management Group"), or (ii) any entity in which the Management Group or any of their respective affiliates has an interest as of the time of such investment, without having received the prior written consent of the Advisory Board of the investing Upper Bay Fund, if applicable.

Oregon Trail Ventures and potentially other Co-Invest Vehicles are expected to close prior to the acceptance of any third-party investors in Fund I. Such Co-Invest Vehicle(s) will fund the initial portfolio company investment(s). The terms of the initial investment in such portfolio company(ies) will be negotiated prior to the close of Fund I. The Management Group will participate in the Co-Invest Vehicle(s) either directly as co-investors and/or indirectly through an interest in Fund I, based on their initial capitalization of the Fund. Any such portfolio company transactions completed prior to the Fund's close will be disclosed in Fund I's PPM or other Governing Documents. Prospective investors should read such disclosure carefully and will be deemed to consent to such transaction(s) in the event they elect to make a capital commitment to Fund I.

#### Principal and Cross Transactions

Seed investments may be warehoused by Upper Bay, its owners or affiliates prior to the final close of an Upper Bay Fund and transferred to such Upper Bay Fund at cost. In addition to payment of the cost for the investment, the Upper Bay Fund may pay the respective affiliate an amount for the costs associated with acquiring the warehoused investment, including the estimated costs and risks of owning and financing the investment while it is held by the affiliate. Warehoused transactions contemplated prior to an Upper Bay Fund's close generally will be disclosed in the applicable PPM or other Governing Documents. Prospective investors should read such disclosure carefully and will be deemed to consent to such warehoused transaction(s) in the event they elect to make a capital commitment to the Fund.

Upper Bay may acquire a portfolio company from an EMG fund in which Mr. Raymond has an interest. Mr. Raymond will recuse himself from the Investment Committee vote with respect to any such investments. Any such related party transaction will be executed at a price determined by an independent valuation or negotiated by an unrelated third-party participant in such transaction. Consistent with its obligations under the Advisers Act and its fiduciary duties to the Upper Bay Funds, Upper Bay will disclose the details of any such related party transaction to, and seek consent from, the Advisory Board for the respective Upper Bay Fund(s).

If it becomes necessary in the future to engage in principal or cross transactions between Upper Bay Funds, Upper Bay will conduct such transactions in a manner that is consistent with its fiduciary obligations, the applicable Governing Documents and relevant securities statutes, including the Advisers Act. Accordingly, Upper Bay may disclose the details of any impending principal or cross transactions, warehoused transactions or other related party transactions contemplated, to and seek consent from the Advisory Board for the respective Upper Bay Fund(s).

For additional information on how Upper Bay manages actual and potential conflicts of interest, please see *Item 10 – Other Financial and Industry Activities and Affiliations*.

## ITEM 12 – BROKERAGE PRACTICES

Upper Bay’s advisory business generally involves privately negotiated transactions with the prospective seller or prospective purchaser(s), and generally will not involve the services of a traditional broker or dealer as is customary in the transaction of registered securities. However, Upper Bay may from time to time purchase or sell publicly-traded securities and will, in those circumstances, seek to achieve the best overall execution terms available to effect the transaction expeditiously and on terms most favorable to the Fund. When executing such a transaction in any investment in or for a Fund via a broker or dealer, Upper Bay will consider the full range and quality of a broker or dealer’s services, including execution capability, experience in private equity transactions, network of contacts and relationships, research services, commission rates, reputation and integrity, financial responsibility and responsiveness. Upper Bay may also consider selling securities alongside the publicly-traded company in which Upper Bay holds securities as part of any underwritten offering a company undertakes. In these circumstances, the timing of each sale is determined by the publicly-traded company and the amount sold is typically in proportion to Upper Bay’s relative ownership of the total securities. Upper Bay also may have the right to request an underwritten offering at certain times for the sales of its shares.

As a matter of policy, Upper Bay does not engage in soft dollar transactions and does not enter into soft dollar arrangements in respect of transactions for any Funds. If Upper Bay determines to use soft dollars in the future, it will endeavor to do so within the “safe harbor” provided by Section 28(e) of the Exchange Act. While Upper Bay receives proprietary research from certain brokerage firms, it does not take the value of such research into account in selecting brokers.

Upper Bay does not consider whether Upper Bay or a related person may receive client referrals from a broker-dealer or third party in selecting or recommending broker-dealers. As a matter of policy, Upper Bay does not permit the direction of any Fund transactions to a specific broker or dealer by an investor.

### Aggregation of Securities Transactions

If two or more Upper Bay Funds own the same public securities, Upper Bay may aggregate transactions in such securities if Upper Bay determines that aggregation would be beneficial to achieve more efficient execution or to provide for equitable treatment among Upper Bay Funds. It is expected that Funds participating in aggregated trades would be allocated securities based on the average price achieved for such trades and that aggregated trades generally would be allocated among Funds on a pro rata basis, with exceptions based on the Upper Bay Fund’s applicable investment objectives, strategies and other guidelines.



## ITEM 13 – REVIEW OF ACCOUNTS

### Review of Accounts

Upper Bay's investment professionals will actively monitor and review each Upper Bay Fund's investment portfolio on a regular basis. Investments will be reviewed in light of the Fund's stated investment objectives and guidelines as set forth in the applicable Governing Documents. During the review process, investment professionals will analyze existing portfolio company positions to identify issues early on, take any necessary actions, and monitor portfolio company operations and overall performance relative to the original investment thesis. EMG OpCo or the Chief Financial Officer will be responsible for overseeing periodic reconciliations of the Upper Bay Fund's assets. Cash accounts will be reconciled monthly, while positions in assets that are not publicly traded are reconciled at least quarterly with their corresponding valuations. EMG OpCo or the Chief Financial Officer will maintain work papers documenting the periodic reconciliations of the Funds' assets.

### Advisory Board

As described in the Governing Documents for the applicable Upper Bay Fund, from time to time, the Advisory Board may be required to approve certain conflict transactions related to investment opportunities for an Upper Bay Fund. The Advisory Board will be comprised of representatives of the limited partners who are unaffiliated with Upper Bay or the General Partner and appointed by the General Partner to engage in certain activities as specified in the Governing Documents for the Upper Bay Fund, which may include: (i) approve any proposed transaction whereby the Upper Bay Fund will purchase assets from EMG or a vehicle managed by EMG; (ii) resolve any questions that are presented to the Advisory Board by the General Partner relating to a conflict of interest between the General Partner or any of its affiliates, on one hand, and the Fund or the Limited Partners, on the other hand, and to approve certain contracts or other transactions between the Fund, on one hand, and the General Partner or an affiliate thereof, on the other hand, unless any such contract or other transaction is on terms that are at least as favorable to the Fund as those that would be obtained in an arms' length transaction with an unrelated third party; (iii) approve such other matters and perform such other functions as are provided for in the Partnership Agreement; (iv) approve transactions involving "principal trades," as contemplated by Section 206(3) of the Advisers Act, with the Advisory Board being authorized to give any consent required under Section 206(3) of the Advisers Act; and (v) to consult with the General Partner on other issues that are presented to the Advisory Board by the General Partner. Each Advisory Board generally will act by the majority vote of its members but does not have any power to manage the Fund or any investments.

### Valuation

As a registered adviser and fiduciary to the Upper Bay Funds, Upper Bay will require that all portfolio holdings reflect current, fair and accurate investment valuations. Upper Bay's portfolio company valuation policy and portfolio investment valuation procedures will be based on *ASC 820 - Fair Value Measurements and Disclosures*, *International Private Equity and Venture Capital Valuation Guidelines*, and other industry standards.

Upper Bay's investment professionals establish or review and revise, as applicable, the valuation of each portfolio investment (i) initially, upon closing of an Upper Bay Fund's investment in a portfolio company, (ii) quarterly, if during the first three calendar quarters of any year an independent event has occurred with respect to a portfolio company, such as the sale of securities to a third party, a merger or a public offering, and (iii) annually, during the fourth calendar quarter of each year.

### Reports to Investors

Upper Bay provides written periodic reports and investment statements to Upper Bay Fund investors to monitor their investments. As required by applicable Governing Documents, limited partners will receive the following: (i) audited financial statements for the Fund (together with a statement of each limited partner's capital account and a valuation of the Upper Bay Fund's portfolio) on an annual basis in accordance with U.S. generally accepted accounting principles ("GAAP") within 90 days after its fiscal year end; (ii) unaudited financial statements (together with a statement of each limited partner's capital account and a valuation of the Upper Bay Fund's portfolio) on a quarterly basis; and (iii) annual tax information necessary for completion of each limited partner's tax returns.

## ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

### Portfolio Company Compensation

As described in *Item 5 – Fees and Compensation*, Upper Bay or its affiliates expects to receive compensation from certain portfolio companies in connection with services provided to such companies in the ordinary course of business, such as directors' fees, financing fees, advisory fees or other fees. Upper Bay generally will apply such fees and other compensation to reduce management or monitoring fees owed to Upper Bay to the extent required by applicable Governing Documents.

### Client or Investor Referrals

Upper Bay has engaged a placement agent with respect to Fund I as disclosed in Form ADV Part 1A, Section 7.B.(1), the Fund's private placement memorandum and applicable due diligence responses. Compensation paid by the Fund to any placement agent or third-party marketer will be disclosed in Fund financial statements and in Form D filed with the SEC. Compensation paid by Upper Bay to any placement agent will be disclosed upon request from investors or as consistent with applicable law. All placement agent activities will be conducted in accordance with applicable law.

## **ITEM 15 – CUSTODY**

Upper Bay is deemed to have custody of the underlying assets of the Upper Bay Funds due to its affiliation with the General Partner of the Upper Bay Funds. Upper Bay will hold cash and all certificated securities of the Upper Bay Funds at an unaffiliated qualified custodian, to the extent required by Rule 206(4)-2 under the Advisers Act. Upper Bay is not required to comply with the requirement to use a qualified custodian with respect to “privately offered securities,” as defined in Rule 206(4)-2 under the Advisers Act or with respect to certain private stock certificates; however, Upper Bay has implemented procedures in its Compliance Manual that are designed to safeguard these privately offered securities. In compliance with the audit approach exception to the custody rules set forth in Rule 206(4)-2 under the Advisers Act, Upper Bay will distribute Upper Bay Fund audited financial statements prepared in accordance with GAAP to the Upper Bay Fund’ investors within 90 days after its fiscal year end. Financial statements will be prepared by a Public Company Accounting Oversight Board-registered and inspected firm and will be documented and attested to by the accounting firm engaged to perform the custody audit. Investors should review audited financial statements carefully.

## ITEM 16 – INVESTMENT DISCRETION

As discussed in *Item 4 – Advisory Business*, Upper Bay will provide investment advisory services to Fund I on a discretionary basis, subject to the overall supervision of the General Partner. The limitations on Upper Bay's discretion are established through negotiations with the investors in each Upper Bay Fund and/or its General Partner. These limitations are incorporated into applicable Governing Documents, which include the applicable management agreement. Upper Bay generally has discretion with respect to Oregon Trail Ventures with certain approval rights granted to third party co-investors pursuant to applicable Governing Documents and agreements with co-investors.

Individual investors in Fund I do not have the ability to impose limitations on Upper Bay's discretionary authority. There are no separate classes and investors in the Upper Bay Funds will acquire identical interests. However, Upper Bay may enter into side letters or other arrangements with investors or co-investors that limit or provide an alternative structure for the investor's participation in certain Upper Bay Fund investments to address specific legal, regulatory, investment or public policy restrictions of the investor or that establish rights under, or alter or supplement the terms of, such Upper Bay Fund's Governing Documents in a manner that may be more favorable to such investors than those applicable to other investors. See *Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading – Interests in the Funds; Side Letters* for more information.

Prospective investors are provided with the Upper Bay Fund's PPM prior to their investment and are requested to carefully review all offering materials and to be sure that the proposed investment is consistent with their investment goals and tolerance for risk. Prospective investors must also execute a subscription agreement, in which they make various representations, including representations regarding their suitability to invest in a privately placed pooled investment vehicle.

## ITEM 17 – VOTING CLIENT SECURITIES

Upper Bay may vote proxies for an Upper Bay Fund. In accordance with Advisers Act requirements, Upper Bay will adopt a policy on voting client securities to address voting requirements, if any, for Upper Bay Fund portfolio investments. Upper Bay's policy will be to exercise proxy votes in the best interest of the Upper Bay Fund, including when there may be material conflicts of interest in voting proxies.

Upper Bay believes its interests will be aligned with Upper Bay Fund investors through the General Partner's ownership interests in the Upper Bay Fund and therefore generally will not seek investor approval or direction when voting proxies. If, however, there is or may be a conflict of interest between Upper Bay or its affiliates and the Upper Bay Fund in voting proxies, Upper Bay may address the conflict using several alternatives, which may include seeking counsel of the respective Advisory Board on the proposed proxy vote or through alternatives set forth in proxy policies. The Managing Partners and other Upper Bay employees will routinely serve on the board of portfolio companies, as disclosed in applicable Governing Documents and *Items 4 and 10* above. Therefore, in the event an Upper Bay related person is nominated as a director as part of a proxy vote, Upper Bay may vote for the approval of such director and routine compensation of directors without seeking input from the Advisory Board or taking other special measures to address a conflict of interest.

Upper Bay will review each proposal on a case-by-case basis to determine whether it is in the best interest of the applicable Upper Bay Fund. In some instances, Upper Bay may determine that it is in the Upper Bay Fund's best interest for Upper Bay to "abstain" from voting, or not to vote at all, and will do so accordingly.

Upper Bay's policy on voting client securities is designed to ensure that any material conflict of interest is identified for a particular proxy vote and the vote is not improperly influenced by the conflict. To receive a copy of Upper Bay's policy on voting client securities please contact Upper Bay's Chief Executive Officer, Marietta Moshiaashvili at (212) 655-8800 or by email at [mmoshiaashvili@ubaycap.com](mailto:mmoshiaashvili@ubaycap.com) or Chief Compliance Officer, Kimberly Garber, at (212) 655-8800 or by email at [kgarber@ubaycap.com](mailto:kgarber@ubaycap.com).

## **ITEM 18 – FINANCIAL INFORMATION**

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

Upper Bay is not currently aware of any financial condition that would be reasonably likely to impair its ability to meet contractual commitments to clients. Additionally, Upper Bay has not been the subject of a bankruptcy petition at any time during the past ten years.