

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

**Item 1. Cover Page**

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**This brochure provides information about the qualifications and business practices of Corsair Capital LLC (“Corsair” or the “Adviser”). If you have any questions about the contents of this brochure, please contact Corsair at 212-224-9400. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.**

**Additional information about the Adviser is available on the SEC’s web site at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Although Corsair may refer to itself as a “registered investment adviser” or describe itself as being “registered,” this registration with the SEC does not imply a certain level of skill or training.**

**Date Prepared: March 28, 2019**

**Item 2. Material Changes**

This Brochure dated March 28, 2019 contains no material changes from the previous Brochure, which was filed on April 29, 2018.

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#### **Item 4. Advisory Business**

- A. Corsair is a Delaware limited liability company and an investment adviser located in New York, New York. The Adviser provides investment advisory services through certain of its subsidiaries and/or affiliates (the “Advisory Affiliates”) to pooled investment vehicles and a separately managed account (the “Clients” or the “Funds”).

The Funds make or made investments primarily in private equity, equity-related, debt and other securities in accordance with the investment guidelines for (1) business focusing in the global financial services industry (the “Buyout Funds”) and (2) businesses focusing in the infrastructure sector (the “Infrastructure Funds”). All of the Funds are exempt from registration under the Investment Company Act of 1940, as amended (the “Investment Company Act”), pursuant to Sections 3(c)(1) or 3(c)(7) of the Investment Company Act or by virtue of accepting only foreign investors. Interests in the Funds are privately offered only to qualified investors.

Certain Advisory Affiliates are responsible for carrying out the day-to-day investment activities of the Funds (the “Investment Managers”) and certain other Advisory Affiliates are responsible for serving as general partners (or similar managing fiduciaries) of the Funds (the “General Partners”).

The Adviser was established in 2006. The Adviser’s principal owner is Corsair Capital, L.P., which in turn is controlled by Mervyn Davies and D.T. Ignacio Jayanti through its general partner.

- B. The Funds invest or have invested primarily in private equity, equity-related, debt and other securities and obligations (including preferred equity, subordinated debt or similar securities) in the global financial services industry or infrastructure sector. The Funds may also generally invest in derivative financial instruments and may utilize leverage in connection with their investment strategies, subject to certain limitations. Investment in portfolio companies may generally be made indirectly by investing through partnerships or other entities (or by causing certain investors to invest through affiliated partnerships (or other entities)). The investment guidelines of each Fund are memorialized in the applicable Fund governing documents.
- C. The Adviser generally utilizes similar strategies for all of the Buyout Funds and all of the Infrastructure Funds, respectively. However, the Adviser may tailor its advisory services to the specific needs of a Fund when deemed necessary. The Buyout Funds target investments in financial services companies globally, in North America, Europe, Asia, Latin America, Africa and the Middle East. Sub-sectors of the financial services industry in which the Buyout Funds invest include banking, insurance, asset management, specialty finance and financial technology.
- D. The Adviser does not participate in wrap fee programs.
- E. As of December 31, 2018, the Adviser manages 6,896,149,000 in assets on a discretionary basis, and 544,729,281 in assets on a non-discretionary basis.

#### **Item 5. Fees and Compensation**

- A. As compensation for its services, the Investment Managers typically receive a management fee from the Funds (“Management Fee”). Management Fees are typically payable quarterly in advance, on a pro rata basis for any period that is less than a full quarter period, except that Corsair Infrastructure Partners, L.P. (“CIP”) receives Management Fees semi-annually in advance. Generally, during a Fund’s commitment period, the Management Fee payable to any Investment Manager is based upon the aggregate capital commitments of the Fund’s limited partners. Following that commitment period, the Management Fee is generally based on

invested capital. The terms of the Management Fee payable to the Investment Managers may vary among the Funds and typically ranges from 0.15% to 2.0% per annum during and after the commitment periods of the Funds.

While it is the Adviser's policy that its fees are not negotiable, the Management Fee may be waived, rebated or calculated differently at the sole discretion of the Adviser. In particular, certain affiliates or employees of the Adviser that are investors in the Fund do not pay Management Fees.

In lieu of annual Management Fees, the Investment Managers or an affiliate may be entitled to receive a one-time funding fee as consideration for identifying investment opportunities and managing the investments of the Buyout Funds. Generally, the one-time funding fee up to 3.0% of any amount drawn down by the Buyout Funds for the making of investments.

- B. The Adviser bills Clients on a quarterly or semi-annual basis in advance for fees incurred.
- C. Each of the Adviser's Funds will typically bear offering and organizational expenses up to an amount specified in each of the Funds' private placement memoranda. Organizational expenses in excess of such amounts will be borne by the respective Fund, but will be subject to a 100% offset against the Management Fee.

The Adviser and its affiliates are likely to be entitled to receive (i) cash and non-cash commitment, monitoring, organizational, set-up, advisory, investment banking, underwriting, syndication and other similar fees in connection with the purchase, monitoring or disposition of investments, including warrants, options, derivatives and other rights in respect of securities owned by the Funds, net of out-of-pocket expenses incurred by the Adviser or its affiliates in connection with the transactions out of which such fees arose, including any value-added, sales or similar taxes applicable to such fees but excluding amounts received from potential co-investors and amounts received by operating partners of the Adviser, (ii) break-up, topping, termination and other similar fees payable in connection with unconsummated transactions by the Funds, net of out-of-pocket expenses incurred by the Adviser or its affiliates in connection with the transactions out of which such fees arose, including any value-added, sales or similar taxes applicable to such fees and (iii) cash and non-cash directors' fees, including warrants, options, derivatives and other rights in respect of securities owned by the Funds, in each case, paid by any portfolio company (collectively, "Transaction Fees").

The amount of such Transaction Fees is subject to an offset against the Management Fee ranging from 80% to 100% depending upon the Buyout Funds and 100% offset against the Management Fee with respect to the Infrastructure Funds in accordance with relevant governing documents of the Funds. The offset against management fees does not include Transaction Fees that are (i) paid to the Adviser or any of its affiliates by a portfolio company in which another Fund has an interest, (ii) paid to the Adviser or any of its affiliates (including, without limitation, Corsair's broker-dealer affiliate) by any third party in connection with an investment in or disposition of securities of, or any other transactions with, any portfolio company and (iii) applied in whole or in part to offset management fees payable by investors in such other Fund

Additionally, each of the Adviser's Funds typically will bear expenses including, without limitation, (i) all out-of-pocket fees, costs and expenses (including broken deal expenses), if any, incurred in developing, negotiating, structuring, trading, settling, monitoring, holding and disposing of investments, including without limitation any financing, legal, accounting, advisory and consulting expenses in connection therewith, (ii) travel expenses (including private charter, first class and/or business class airfare, lodging, ground transportation, and travel means); (iii) all out of pocket fees, costs and expenses, if any, incurred in connection with legal and regulatory compliance with U.S. federal, state, local, non-U.S. or other law or regulation (including for example, preparation and filing of Form PF, FATCA and other

regulatory filings (including for example AEOI regulations and the European Directive) and expenses and fees associated with any software systems and service providers relating thereto of each Investment Manager and its affiliates relating to the applicable Fund's activities), and any taxes, fees, or other governmental charges; (iv) expenses related to investor reporting; (v) expenses associated with any meeting of certain of the Adviser Funds and any conference of the limited partners of certain of the Adviser's Funds and (vi) costs and expenses of complying with provisions in side letter agreements entered into with limited partners (including the process of distributing and implementing applicable elections pursuant to any "most-favored-nations" clauses in side letters). The list of fees and/or expenses that the Funds may incur or pay directly to third parties is not intended to be exhaustive; existing investors in the Funds are advised to review the applicable Fund's governing documents for a more extensive description of the fees and expenses associated with an investment in such Fund.

From time to time, Corsair may engage and retain strategic advisors, consultants, and other similar professionals who are not employees or affiliates of Corsair and who may receive payments from, or allocations with respect to, portfolio companies (as well as from Corsair or the Funds). The nature of the relationship with each of the senior advisors, consultants and/or other professionals and the amount of time devoted or required to be devoted by them varies considerably. In certain cases, they provide the General Partners and/or the Investment Managers with industry-specific insights and feedback on investment themes, assist in transaction due diligence, make introductions to and provide reference checks on management teams. In other cases, they may take on more extensive roles and serve as executives or directors on the boards of portfolio companies or contribute to the origination of new investment opportunities. In certain instances, Corsair may have formal arrangements with these senior advisors, consultants and/or other professionals (which may or may not be terminable upon notice by any party), and in other cases the relationships may be more informal. They may be compensated (including pursuant to retainers and expense reimbursement) from Corsair, the Funds and/or portfolio companies or otherwise uncompensated unless and until an engagement with a portfolio company develops or, in the case of certain operating partners emeritus, uncompensated with limited, if any, contractual arrangement. In such circumstances, such payments from, or allocations with respect to, portfolio companies and/or the Funds will not, even if they have the effect of reducing any retainers or minimum amounts otherwise payable by Corsair, be deemed paid to or received by Corsair and such amounts will not be subject to the offset provisions as described above. These senior advisors, consultants and/or other professionals may have the right or have been offered the ability to co-invest alongside the Funds on a fee free basis, including in those investments in which they are involved, or otherwise participate in equity plans for management of any such portfolio company or may invest alongside the members of the Adviser through the general partner vehicle or may invest in the Funds on different terms than other investors. There can be no assurance that any of the senior advisors, consultants and/or other professionals will continue to serve in such roles and/or continue their arrangements with Corsair and/or any portfolio companies throughout the terms of Funds.

Investors in a Fund are allocated their pro rata share of such additional fees and expenses for the time period they are invested in the Fund, or on such other allocation methodology as the Adviser may determine is fair and reasonable.

The General Partners and the Investment Managers will be responsible for the expenses of providing their services to the Funds, including overhead expenses, facilities expenses and compensation of employees. In the event the Adviser needs to engage the services of a broker or dealer, the Funds will bear any brokerage expenses, as discussed in Item 12 of this brochure.

- D. Where Management Fees are paid in advance, they are typically required to be returned on a pro rata basis in the event an Investment Manager does not provide services for the full period

in respect of which the fees are paid, calculated based on the number of days remaining in the applicable time period.

- E. Neither Corsair nor any of its supervised persons typically receive compensation for the sale of securities or other investment products.

#### **Item 6. Performance-Based Fees and Side-By-Side Management**

In most cases, the Adviser is compensated for the investment advisory services it provides to the Funds through Management Fees, advisory fees and other transaction-related fees. The General Partners of the Buyout Funds are generally entitled to receive a performance allocation (“Carried Interest”) with respect to each investor of generally up to twenty percent (20%) of such investors profits from each Fund investment, subject to (i) the satisfaction of a preferred internal rate of return, compounded annually and, in the case of certain Buyout Funds, (ii) recoupment of prior net losses, expenses and fees by such investors. The Adviser may also receive performance-based fees from co-investors as described in Item 5 above.

CIP is entitled to certain incentive fees from the general partner of the Infrastructure Funds it manages to the extent certain investment appreciation thresholds are achieved with respect to each portfolio investment held by the Infrastructure Funds. Such incentive fees are not borne by the investors in the Infrastructure Funds.

The Adviser will seek to ensure that any Clients or investors in an investment vehicle that are directly or indirectly assessed a Carried Interest satisfy the qualifications of SEC Rule 205-3 and have been advised of such fees and their risks.

The Carried Interest may give rise to potential conflicts of interest, including but not limited to the incentive to make investments that are riskier or more speculative than would be the case in the absence of such performance-based compensation.

#### **Item 7. Types of Clients**

The Adviser provides investment advisory services to pooled investment vehicles through certain of its Advisory Affiliates. In general, the minimum initial investment commitment in a Buyout Fund is \$10 million, which may be reduced or waived at the discretion of a General Partner.

#### **Item 8. Methods of Analysis, Investment Strategies and Risk of Loss**

The following is a summary of the methods of analysis and investment strategies generally employed by Corsair as well as the material risks associated with investing in such strategies. Prospective and existing investors are advised to review the offering materials and other constituent documents for full details on each applicable Fund’s investment, operational and other actual and potential risks.

##### **A. Method of Analysis.**

Investment ideas are generally generated internally through research and analysis. In connection with identifying, evaluating, analyzing and investigating investment opportunities for the Funds, investment professionals also generally draw upon their professional experience in relevant industries and contact with industry executives, established business relationships and independent consultants. In addition, the investment professionals may also draw upon their business relationships that may arise as a result of serving as a board member, officer or observer of a portfolio company in which a Fund may invest.

Corsair has separate investment committees for its Buyout Funds and Infrastructure Funds, respectively (collectively, the “Investment Committees”). The members of the Investment Committee of the Buyout Funds typically meet bi-weekly, or more frequently, as necessary, with Corsair’s investment professionals responsible for formulating and implementing the investment strategies of each Fund to review and stay informed about current activities in each portfolio, the status of all Fund investments and administrative matters. Corsair’s current view on industry trends, market conditions and other relevant items are also discussed at such time. The members of each Investment Committee also typically meet amongst themselves to discuss certain transactions in more detail and further deliberate the relative merits and risks of proposed investments with the investment professionals involved in order to encourage candid dialog and, ultimately, to vote on each investment decision.

While Corsair’s research is thorough, both its Clients and investors should be prepared for the risk of loss. There can be no assurance that the Funds’ target rate of return will be achieved or that there will be any return of capital. Investors should have the financial ability and willingness to accept the risks and lack of liquidity which are characteristic of each of the Funds’ investments.

## B. Investment Strategy

Corsair’s overall strategy is to identify emerging trends in the global financial services and infrastructure industries and engage in transactions with market participants to capitalize on those trends.

### Buyout Funds

Corsair seeks to earn strong risk-adjusted returns by leveraging the investment team’s knowledge and contacts to identify and execute attractive investments in companies in the financial services industry around the world. The Buyout Funds take control and minority positions, either individually or as a lead member of an investor consortium. Target investments include both privately-held and public companies, generally via private transactions when the target company loses access to, or has difficulty accessing, the public capital markets. A core part of the Buyout Funds’ investment process involves developing a relationship and influence with investee company senior executives and key shareholders. In many instances, the Buyout Fund will obtain board representation, observer seats, or other types of management rights.

### Infrastructure Funds

CIP is currently focused on managing and seeking exit opportunities for existing investments. CIP believes that it will be able to pursue a variety of exit options to maximize value through its flexibility with respect to both the timing and type of investment realizations and create liquidity for investors. Potential exit options include: sale to a strategic, initial public offering, sale to another fund, debt recapitalization, listed yield (Income) vehicle, sale to direct financial investor (pension fund/insurance company), yield generated by investment, and sale of individual assets in a portfolio.

## C. Risks

Prospective investors in any Fund, including the Buyout Funds and the Infrastructure Funds, or any investment vehicle sponsored by Corsair should be aware that an investment in any such Fund or investment vehicle involves a high degree of risk, which include, but are not limited to, the following risks described below. Each investor should carefully consider the following risks, along with the risk factors and potential conflicts of interest described in the applicable Confidential Private Placement Memorandum or subscription documents, as applicable, of such Fund or vehicle. As a result of these risks, and other risks inherent in any investment, there can



be no assurance that any Fund or investment vehicle will meet its investment objectives or otherwise be able to carry out its investment program successfully or that an investor will receive a return of its capital.

*No assurance of investment return.* There can be no assurance that any Fund will be able to generate returns for its investors or that the returns will be commensurate with the risks of investing in the type of investments in which such Fund participates. Accordingly, an investment in a Fund should only be considered by persons who can afford a loss of their entire investment. Past activities of investment entities associated with Corsair provide no assurance of future success. There can be no assurance that projected or targeted returns for any Fund will be achieved.

*Availability of investment opportunities:* The business of identifying and structuring private equity investments is highly competitive and involves a high degree of uncertainty. It is possible that the Funds will never be fully invested. In addition, if the Funds make only a limited number of investments, the aggregate returns realized by the Funds' investors could be adversely affected in a material manner by the unfavorable performance of even one such investment. In addition, other than as set forth in the governing documents of each Fund, investors have no assurance as to the degree of diversification of a Fund's investments, either by geographic region or transaction type. To the extent a Fund concentrates investments in a particular issuer, security or geographic region, its investments will be more susceptible to fluctuations in value resulting from adverse economic and business conditions with respect thereto.

*Financial and business risk:* Fund investments will generally involve a significant degree of financial and/or business risk. The Funds' portfolio companies may be highly leveraged and therefore may be more sensitive to adverse business or financial developments or economic factors. These companies may face intense competition, changing business or economic conditions or other developments that may adversely affect their performance. Business risks may be more significant in smaller companies or those that are embarking on a build-up or operating turnaround strategy. If for any of these reasons a portfolio company is unable to generate sufficient cash flow to meet principal or interest payments on its indebtedness or make regular dividend payments, the value of the Funds' investment in such portfolio company could be significantly reduced or even eliminated.

*Illiquid and long term investment:* Fund investments will typically not be liquidated for a number of years after the initial investment. Factors such as overall economic conditions, the competitive environment and the availability of potential acquirers may shorten or lengthen the Funds' intended holding period for any investment or group of investments. It is unlikely that the Funds' will realize substantial capital gains during its early years and it is unlikely there will be significant near-term cash flow available to the limited partners. It is unlikely that there will be a public market for the securities held by the Funds at the time of their acquisition. The Funds will generally not be able to sell the securities of portfolio companies publicly unless their sale is registered under applicable securities laws, or unless an exemption from such registration requirements is available. In addition, in some cases the Funds may be prohibited by contract or regulatory reasons from selling certain securities for a period of time. There can be no assurances that private purchasers of the Funds' investments will be found.

*Concentration risk:* The Buyout Funds intend to invest in equity and equity-related securities of financial services and financial services-related companies, and the Infrastructure Funds intend to invest in equity and equity-related securities of companies in the infrastructure sector. This exclusive focus on financial services and infrastructure sectors, respectively, may constrain the liquidity and the number of investment opportunities available for investment by the Funds. In addition, the Funds' investments will be disproportionately exposed to risks associated with the financial services and infrastructure sectors, such as changes in (i) the fiscal policy of U.S. states, the U.S. federal government or non-U.S. governments, (ii) the regulatory

environment, including changes in the policies or personnel of the U.S. Federal Trade Commission, the Department of Justice and/or any other applicable regulatory body, (iii) the political climate and (iv) GAAP accounting policies.

*Risk of realization of investments:* Fund investments will generally be in private illiquid securities, which are typically subject to restrictions on resale. In some cases, the Funds may be prohibited from selling such securities for a period of time or may otherwise be restricted from disposing of such securities. Furthermore, the types of investments made may require a substantial length of time to liquidate. As a result, there is a significant risk that the Funds may be unable to realize its investment objectives by sale or other disposition at attractive prices or will otherwise be unable to complete any exit strategy.

In connection with a disposition, the Funds may be required to make representations about the business and financial affairs of the investment typical of those made in connection with the sale of a business and may be responsible for the content of disclosure documents under applicable securities laws. It may also be required to indemnify the purchasers of such investment to the extent that any such representations or disclosure documents turn out to be inaccurate. These arrangements may result in contingent liabilities, which might ultimately have to be funded by the Funds (or investors in the Funds to the extent that investors in the Funds have received prior distributions from the Funds).

*Non-Controlling Interests; Co-Investment Risks.* Although in some situations the Funds may be the lead or sole investor in an investment, the Funds, may also acquire non-controlling interests in an investment and, therefore, may have a limited ability to protect its interests in such Investment, including with respect to the timing and manner of exiting its investments.

In addition, co-investing alongside unaffiliated private equity or affiliated funds (the “Sponsor Funds”) involves risks that may not be present in investments made by lead or sponsoring private equity funds. The Fund may not have the opportunity to participate in structuring investments or to determine the terms under which such investments will be made. The Funds may have interests or objectives that are inconsistent with those of such Sponsor Funds, which generally will have a greater degree of control over investments. A Sponsor Fund may be in a position to take (or block) action in a manner contrary to the Funds’ investment objectives (including, for example, by requiring the Fund to dispose of an investment at the same time as such Sponsor Fund consummates its disposition).

*Risks relating to due diligence of and conduct at portfolio companies.* Before making investments, the Investment Managers will typically conduct due diligence that they deem reasonable and appropriate based on the facts and circumstances applicable to each investment. Outside consultants, legal advisors, accountants, investment banks and other third parties may be involved in the due diligence process to varying degrees depending on the type of investment. Such involvement of third-party advisors, consultants and other third parties may present a number of risks primarily relating to Corsair’s reduced control of the functions that are outsourced. The due diligence investigation that an Investment Manager carries out with respect to any investment opportunity may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Moreover, such an investigation may not necessarily result in the investment being successful.

*Control persons liability:* The Funds are expected to have controlling interests in some of its portfolio companies. The exercise of control over a company may impose additional risks of liability for environmental damage, product defects, failure to supervise management, violation of governmental regulations (including securities laws) or other types of liability in which the limited liability generally characteristic of business ownership may be ignored. If these liabilities were to arise, the Funds might suffer a significant loss.

*Foreign investments:* The Funds expect to make foreign investments, which may include investments in emerging market countries. Such investments involve a number of additional risks, including: (i) the risk of adverse political developments such as nationalization, confiscation without fair compensation or war; (ii) the risk of fluctuations in currency exchange rates; (iii) the risk of restrictions on capital movements, which would make it difficult or impossible to exchange or repatriate foreign currency; and (iv) the risk of regulations which might prevent the implementation of cost cutting or other operational improvements. In addition, laws and regulations of foreign countries may impose restrictions or approvals that would not exist in the United States and may require financing and structuring alternatives that differ significantly from those customarily used in the United States. Foreign countries may also impose taxes on the Funds or their investors.

*No Market for Interests; Restrictions on Transfers:* The interests in Funds will not be readily marketable and are generally neither redeemable nor transferable, other than in certain limited circumstances, without the prior written consent of the General Partners of the Funds, which may be given or withheld in the General Partners' sole and absolute discretion. Investments in the Funds are a long-term commitment. It may take a significant period of time (up to five or more years from the final closing date) for a Fund to complete its investments in portfolio companies. Interests have not been registered under the Securities Act of 1933, as amended (the "Securities Act"), the securities laws of any U.S. state or the securities laws of any other jurisdiction and, therefore, cannot be resold unless they are subsequently registered under the Securities Act and other applicable securities laws, or unless an exemption from registration is available. It is not contemplated that registration of the interests under the Securities Act or other securities laws will ever be effected. There is no public market for the interests and one is not expected to develop. A limited partner will not be permitted to directly or indirectly assign, sell, pledge, exchange or transfer any of its interests or any of its rights or obligations with respect to its interests without the prior written consent of the General Partner, which consent may be given or withheld in the sole and absolute discretion of the General Partner. Except in extremely limited circumstances, withdrawals from the Funds will not be permitted. Limited partners must be prepared to bear the risks of owning interests for an extended period of time.

*Cybersecurity:* Corsair, the Funds and their service providers are susceptible to cybersecurity risks that include, among other things, theft, unauthorized monitoring, release, misuse, loss, destruction or corruption of confidential and highly restricted data; denial of service attacks; unauthorized access to relevant systems, compromises to networks or devices that Corsair, the Funds and their service providers use to service the Funds' operations; or operational disruption or failures in the physical infrastructure or operating systems that support Corsair, the Funds and their service providers. Cyber-attacks against or security breakdowns of Corsair, the Funds or their service providers may adversely impact the Funds and their investors, potentially resulting in, among other things, financial losses; the inability of Corsair or Fund investors to transact business and the Funds to process transactions; violations of applicable privacy and other laws; regulatory fines, penalties, reputational damage, reimbursement or other compensation costs; and/or additional compliance costs. Corsair and the Funds may incur additional costs for cybersecurity risk management and remediation purposes. In addition, cyber security risks may also impact issuers of securities in which the Funds invest, which may cause a Fund's investment in such issuers to lose value. There can be no assurance that Corsair, a Fund or its service providers will not suffer losses relating to cyber-attacks or other information security breaches in the future.

#### *Financial Services Industry Risk Factors*

Financial services companies have asset and liability structures that are essentially monetary in nature and are directly affected by many factors, including domestic and international economic and political conditions, broad trends in business and finance, legislation and regulation

affecting the national and international business and financial communities, monetary and fiscal policies, interest rates, inflation, currency values, market conditions, the availability and cost of short-term or long-term funding and capital, the credit capacity or perceived creditworthiness of customers and counterparties, and the level and volatility of trading markets. Such factors can impact customers and counterparties of financial services companies and may impact the value of financial instruments held by financial services companies. Fluctuations in interest rates, which affect the value of assets and the cost of funding liabilities, are not predictable or controllable, may vary from country to country and may impact economic activity in various regions.

The profitability of the financial services industry may be adversely affected by a worsening of general economic conditions in domestic and international markets and by monetary, fiscal or other policies that are adopted by various governmental authorities and international bodies. Monetary policies have had, and will continue to have, significant effects on the operations and results of financial services companies. There can be no assurance that a particular financial services company will not experience a material adverse effect on its net interest income in a changing interest rate environment. Factors such as the liquidity of the global financial markets, the level and volatility of prices of financial instruments, investor sentiment and the availability and cost of credit may significantly affect the activity levels of customers with respect to size, number and timing of transactions. A change in all or any of these factors could lead to a decline in the volume of transactions that financial services companies execute for their customers and thus lead to a decline in revenues from fees, commissions and spreads.

The financial services industry is extremely competitive, and it is expected that competitive conditions in the industry will continue to intensify. Technological advances and the growth of e-commerce have made it possible for non-financial institutions to offer products and services that have been traditionally offered by financial services institutions. It is expected that cross-industry competition will continue to intensify.

The financial services industry is highly dependent on communications and information systems and is exposed to many types of operational risks, including the risk of fraud by employees or other parties, record keeping error, errors resulting from faulty computer or telecommunication systems, computer failures, and damage to computer and telecommunication systems caused by internal or external events.

Financial services companies operate in a highly regulated environment and are subject to extensive legal and regulatory restrictions and limitations and to supervision, examination and enforcement by regulatory authorities. Failure to comply with any of these laws, rules or regulations, some of which are subject to interpretation and may be subject to change, could result in a variety of adverse consequences, including civil penalties, fines, suspension or expulsion, and termination of deposit insurance, which may have material adverse effects. In order to comply with banking laws, rules and regulations, the Buyout Funds may be required to invest in a manner that may not be as advantageous as the manner of making investments that are not subject to such laws, rules and regulations.

There continues to be significant discussion regarding enhancing governmental scrutiny and/or increasing the regulation of the private equity industry. On July 21, 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”) was signed into law. A key feature of the Dodd-Frank Act is the extension of prudential regulation by the Board of Governors of the Federal Reserve System (the “Federal Reserve”) to financial institutions that are not currently subject to such regulation but that potentially pose risk to the financial system. The Dodd-Frank Act defines a “nonbank financial company” as a company that is substantially engaged in activities that are financial in nature. The Financial Stability Oversight Council (the “FSOC”), an interagency body created to monitor and address systemic risk, has the authority to subject such a company to regulation by the Federal Reserve (including capital, leverage and

liquidity requirements) if the FSOC determines that such company is systemically important. The Dodd-Frank Act does not contain any minimum size requirements for such a designation, and it is possible that it could be applied to private funds, particularly large, highly leveraged funds.

The Dodd-Frank Act also imposes a number of restrictions on the relationship and activities of banking organizations with private equity funds and hedge funds and other provisions that will affect the private equity industry, either directly or indirectly. Included in the Dodd-Frank Act is the so-called “Volcker Rule,” which takes the form of new Section 13 of the Bank Holding Company Act of 1956. Among other things, the Volcker Rule prohibits any “banking entity” (generally defined as any insured depository institution, any company that controls such an institution, a non-U.S. bank that is treated as a bank holding company for purposes of U.S. banking law and any affiliate or subsidiary of the foregoing entities) from sponsoring or acquiring or retaining an ownership interest in a private equity fund or hedge fund that is not subject to the provisions of the 1940 Act in reliance upon either Section 3(c)(1) or Section 3(c)(7) of the 1940 Act.

The current regulatory environment may be impacted by future legislative developments, such as amendments to key provisions of the Dodd-Frank Act.

In order to comply with banking laws, rules and regulations, the Buyout Funds may be required to invest in a manner that may not be as advantageous as the manner of making investments that are not subject to such laws, rules and regulations.

#### *Infrastructure Industry Risk Factors*

Infrastructure Assets Generally. Investment in infrastructure assets or businesses involves many significant relatively unique and potentially acute risks. Project revenues can be affected by a number of factors including economic conditions, political events, competition, regulation and the financial position and business strategy of customers. Unanticipated changes in the availability or price of inputs necessary for the operation of an infrastructure asset may adversely affect the overall profitability of the investment. Events outside the control of a portfolio company, such as political action and governmental regulation, demographic changes, economic growth, increasing fuel prices, government macroeconomic policies, social stability, natural disasters, changes in weather, changes in demand for products or services, bankruptcy or financial difficulty of a major customer and/or acts of war or terrorism, could significantly reduce the revenues generated or significantly increase the expense of constructing, operating, maintaining or restoring infrastructure facilities. In turn, this may impair a portfolio company’s ability to repay its debt, make distributions to an Infrastructure Fund or even result in termination of an applicable concession or other agreement. As a general matter, the operation and maintenance of infrastructure assets or businesses involve various risks, many of which may not be under the control of the owner/operator, including labor issues, failure of equipment to perform as anticipated, structural failures and accidents and the need to comply with the directives of government authorities. It is expected that portfolio companies will typically maintain insurance to protect against certain risks, where available on reasonable commercial terms, such as business interruption insurance, that is intended to offset loss of revenues during an operational interruption. Such insurance is subject to customary deductibles and coverage limits and may not be sufficient to recoup all of a portfolio company’s losses. In addition, investments in infrastructure assets or businesses may also be affected by the prevailing prices of related commodities such as oil, gas and coal, which are generally subject to significant fluctuation.

Regulatory Risk; Government, Agency and Rate Risk. The infrastructure industry is subject to comprehensive U.S. and non-U.S. federal, state and local laws and regulations. Present, as well as future, statutes and regulations could cause additional expenditures, decreased revenues,

restrictions and delays that could materially and adversely affect the portfolio companies and the prospects of the Infrastructure Funds. Such investments may also involve an ongoing commitment to or from a government agency and may derive a significant portion of their revenues from regulated tariffs or other usage or throughput-related fees. The nature of these obligations exposes the owners of portfolio companies and energy and natural resources related investments to a higher level of regulatory control and political risk than typically imposed on other businesses.

In addition, investments in businesses and/or assets relating to renewable energy currently enjoy support from national, state and local governments and regulatory agencies designed to finance or support the financing development thereof. There can be no assurance that government support for renewable energy will continue or that favorable legislation will pass. To the extent any tax credits, other favorable tax treatment or other forms of support for renewable energy are changed, the Infrastructure Funds' investments relating to renewable energy may be negatively impacted.

*Sovereign Risk.* The rights of certain portfolio companies to operate, deliver or sell infrastructure or related services may be granted by or derive from approval by governmental entities and are subject to special risks, including the risk that the relevant governmental entity will exercise sovereign rights and take actions contrary to the rights of an Infrastructure Fund or the relevant portfolio company or project under the relevant agreement.

*Terrorist Activities.* The continued threat of terrorism and the impact of military or other action have led to and will likely lead to increased volatility in prices for electricity and could affect the financial results of the Infrastructure Funds. Further, the United States government has issued public warnings indicating that infrastructure assets might be a specific target of terrorist organizations. The investments of the Infrastructure Funds may involve significant strategic assets having a national or regional profile. The nature of these assets could expose them to a greater risk of being the subject of a terrorist attack than other assets or businesses. Any terrorist attacks that occur at or near such assets would likely cause significant harm to employees, property and, potentially, the surrounding community, and may result in losses far in excess of available insurance coverage. As a result of the terrorist attacks on September 11, 2001, insurers significantly reduced the amount of insurance coverage available for liability to persons other than employees for claims resulting from acts of terrorism, war or similar events. A terrorist attack on an infrastructure-related asset that is not owned by a portfolio company may also have adverse consequences for all infrastructure-related assets of that type or in the same vicinity, including those owned by a portfolio company, and may result in a portfolio company being forced to increase preventative security measures or expand its insurance coverage, adversely affecting the profitability of the investment therein.

**For additional information regarding the foregoing or the risks and conflicts with respect to any Fund or investment vehicle sponsored or managed by Corsair, please see the Confidential Private Placement Memorandum, if applicable, or subscription documents of the applicable Fund or investment vehicle.**

#### **Item 9. Disciplinary Information**

In the past ten years, there have been no legal or disciplinary events involving the Adviser, the Investment Managers, or any of its management persons that are material to the Adviser's investment advisory business.

#### **Item 10. Other Financial Industry Activities and Affiliations**

- A. Neither the Adviser nor any of its Investment Managers are registered nor have an application pending to register as a broker-dealer.

- B. Neither the Adviser nor any of its Investment Managers are registered, nor have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities. The Funds rely upon an exemption from registration as a commodity pool.
- C. Corsair Capital LLP, a subsidiary of the Adviser, was established for the purpose of rendering investment sub-advisory services to the Adviser with respect to investment opportunities in Europe. Corsair Capital LLP is registered with the UK Financial Conduct Authority under the United Kingdom's Financial Services Act of 1986.

Corsair Advisors LLC, a subsidiary of the Adviser, is registered as a broker dealer with FINRA. Certain management persons of the Adviser are also registered as registered representatives of a broker-dealer.

Some of the Funds' portfolio companies include, among others, investment advisers, insurance companies, and investment-related limited partnerships and limited liability companies. Such portfolio companies are operated by management teams that are independent of the Adviser. The Adviser believes that such portfolio companies do not create a material conflict of interest with its Clients, and will provide a list of such portfolio companies upon request.

The Adviser and its affiliates will devote such time as shall be necessary to conduct the business affairs of the Funds in an appropriate manner. However, the Adviser personnel may work on other projects, Funds, and therefore, conflicts may arise in the allocation of the personnel. Any such conflict would be made in accordance with the governing documents of the Funds.

- D. The Adviser and its Investment Managers do not recommend or select other investment advisers for the Funds.

**Item 11. Code of Ethics, Participation or Interests in Client Transactions and Personal Trading**

- A. The Adviser has adopted a Code of Ethics (the "Code") to ensure that the Adviser fulfills its role as a fiduciary to the Funds. The Code requires that employees of the Adviser act in the best interests of the Funds to the exclusion of contrary interests, act in good faith and in an ethical manner, avoid conflicts of interest with the Funds to the extent reasonably possible, and identify and manage conflicts of interest to the extent that they arise. Employees of the Adviser are also required to comply with applicable provisions of the federal securities laws and make prompt reports to the Adviser or appropriate party of any actual or suspected violations of such laws by Adviser, its employees or affiliates. In addition, the Code sets forth formal policies and procedures with respect to the personal securities trading activities of the Adviser's employees. The Code requires that employees pre-clear all private personal securities transactions and, subject to specific provisions outlined in the Code, personal securities transactions of certain public securities as well. In addition to the pre-clearance requirement, the Code generally prohibits personnel from investing in publicly traded equity securities or other financial instruments of companies within a certain classification code. The Code requires employees to report all securities transactions on at least a quarterly basis and provide the Adviser with a summary of securities holdings on at least an annual basis. The Code also addresses outside activities of employees, conflicts of interest, policies and procedures concerning the prevention of insider trading, includes restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and the pre-clearance and reporting of political contributions. Employees are required to provide a written certification to the Adviser as to their compliance with the Code on an annual basis. Upon written request to the Adviser's Chief Compliance Officer, the Adviser will provide a copy of the Code to any Client or investor, or prospective Client or investor.

- B. The Adviser, or its related persons, may recommend to Funds, or buy or sell for Fund accounts, securities in which the Adviser or a related person has a material financial interest. Such transactions introduce a potential conflict of interest between the interests of the Funds and the interests of the Adviser or its related persons. For example, a potential conflict of interest could arise in that the interested related person could benefit from such a purchase or sale of the applicable securities by the Funds. The Adviser's Code outlines certain trading policies and procedures in order to mitigate any potential conflicts of interest.

Certain advisors and other service providers, or their affiliates (including accountants, administrators, lenders, bankers, brokers, attorneys, consultants, investment or commercial banking firms and certain other advisors and agents) of the Fund, Corsair or their portfolio companies provide goods or services to or have business, personal, political, financial or other relationships with Corsair. Certain Corsair employees have ownership interests in certain service providers to the Fund and/or other Corsair entities. Such advisors and service providers may be investors in the Fund, affiliates of the General Partner, sources of investment opportunities or co-investors or counterparties therewith. These relationships may influence the Adviser or the General Partner in deciding whether to select or recommend such a service provider to perform services for the Fund or a portfolio company (the cost of which will generally be borne directly or indirectly by the Fund or such Portfolio Company, as applicable). Corsair-affiliated service providers, which are generally expected to receive competitive market rate fees (as determined by the Adviser) with respect to certain investments, may provide services to the Fund and/or its Portfolio Companies in a variety of foreign exchange transactions. Notwithstanding the foregoing, investment transactions for the Fund that require the use of a service provider will generally be allocated to service providers on the basis of the Adviser's judgment as to best execution, the evaluation of which includes, among other considerations, such service provider's provision of certain investment-related services and research that the General Partner believes to be of benefit to the Fund. In certain circumstances, advisors and service providers, portfolio companies, or their affiliates, may charge different rates or have different arrangements for services provided to Corsair or their affiliates as compared to services provided to the Funds or their portfolio companies, which in certain circumstances may result in more favorable rates or arrangements than those payable by the Funds or such portfolio companies. The Adviser and/or its affiliates may also utilize discounted products and services provided by portfolio companies. In addition, Corsair and its employees receive certain intangible and/or other benefits resulting from activities on behalf of the Funds. For example, credit cards used to incur Fund expenses, hotel chains, airlines, and other merchants may provide reward programs, and in each case such benefits and/or amounts will generally be used for the benefit of Corsair, employees, and/or the Funds even though the cost of the underlying service may be borne by the Funds.

The Adviser or its affiliates may from time to time engage in transactions with prospective and actual investors and co-investors that entail business benefits to such investors. Such transactions may be entered into prior to or coincident with an investor's admission to a Fund (or commitment to co-invest) or during the term of their investment. The nature of such transactions can be diverse and may include benefits relating to a Fund, other Funds and their respective portfolio companies. Examples include the ability to co-invest alongside Corsair funds and recommendations to underwriters for allocations in initial public offerings or loans to co-investors (or joint venture partners) by the Adviser or a Fund. The Adviser works to minimize the potential conflicts of interest by attempting to ensure the terms of the transaction are on an arm's-length basis and are generally no less favorable to the Fund than would be obtained in a transaction with an unaffiliated party.

- C. From time to time, certain related persons of the Adviser, including its personnel, may invest in securities of a company in which a Fund has a pre-existing investment. Such transactions introduce a potential conflict of interest between the interests of the applicable Fund and the interests of the Adviser or its related persons. A potential conflict of interest could arise in that



the interested related person could benefit from the Fund's ownership of, or subsequent sale of, the applicable security. Any such investment would be made in accordance with the Adviser's personal securities trading policy, as provided in the Adviser's Code, to ensure any potential conflicts of interest are managed accordingly.

- D. It is important to note that the Funds are private equity funds, and as such typically do not engage in short term trading of public securities. However, employees of the Adviser are generally not permitted to buy or sell the same securities for their personal account at or about the same time as those securities recommended to Clients, or bought or sold for a Client.

## **Item 12. Brokerage Practices**

- A. As noted above, the Adviser primarily invests in private securities, and does not frequently engage in the high volume trading of public securities. Therefore, Corsair is generally not in a position to select a broker-dealer for Client transactions.
  - 1. Neither the Adviser nor any Advisory Affiliate utilizes soft dollar arrangements in connection with brokerage transactions; however, the Adviser and the Advisory Affiliates may, from time to time, have access to research provided by the broker-dealers used for transactions.
  - 2. Corsair does not consider, in selecting or recommending brokers or dealers, whether the Adviser, its Clients or related persons receive Client referrals from such broker-dealer or other third party.
  - 3. The Adviser does not routinely recommend, request, or require that a Client direct Corsair to execute transactions through a specified broker dealer.
- B. To the extent Corsair is presented with investment opportunities that fall within the investment objective of the Funds, except as otherwise provided in the applicable Fund governing documents, Corsair will allocate such opportunities (including related co-investment opportunities) among the Funds on a basis that Corsair reasonably determines in good faith to be fair and reasonable taking into account all factors the General Partners deem relevant, including the requirements of the Funds, the sourcing of the transaction, the nature of the investment objective, mandate or policies or target return profile of each such other Corsair investment fund and/or vehicle, the relative amounts of capital available for investment, the nature and extent of involvement in the transaction on the part of the respective teams of investment professionals of the Funds and each such other investment fund and/or vehicle and other considerations deemed relevant by Corsair in good faith.
- C. There may be circumstances where an amount that would have otherwise been invested by the Funds is instead offered to co-investors (e.g., due to a determination by the investment committee of the General Partners that allocating such portion to co-investors is in the Funds' best interests, for instance in order to increase diversification), and there is no guarantee for any limited partner that it will be offered any co-investment opportunities. The General Partners expect that there will be opportunities for one or more strategic investors (which may consist of third parties and Limited Partners that are not affiliates of the General Partner) with respect to investments of the Funds, which will reduce the amount of co-investment that may otherwise have available to other limited partners that are not such strategic investors and may reduce the amount that would otherwise have been invested by the Fund. Investors should note that while the General Partners may offer co-investment opportunities in its sole discretion, it is not expected to offer co-investment with respect to all investments made by the Funds. As a general matter, the General Partners, in determining the allocation of discretionary co-investment opportunities, generally expect to take into account various facts and circumstances deemed relevant by the General Partner. Such factors are likely to include, among others, whether a

potential co-investor has expressed an interest in evaluating co-investment opportunities, whether a potential co-investor's investment would be beneficial in consummating the Funds' investment (including where an investor can invest or commit to invest a significant amount of capital in a short period of time under circumstances where the General Partners determine in good faith that it is not practicable to offer all limited partners the opportunity to co-invest in the transaction), successfully operating a portfolio company or its assets, disposing of the investment or otherwise adding value to the Funds' investment because of certain skills or attributes of such investor (including know-how), whether a potential co-investor has a history of participating in co-investment opportunities with Corsair, the size of the potential co-investor's interest to be held in the underlying portfolio company as a result of the Funds' investment (which is likely to be based on the size of the potential co-investor's capital commitment and/or investment in the Funds), whether the potential co-investor has demonstrated a long-term and/or continuing commitment to the potential success of Corsair, the Funds or other funds or co-investments, the overall size of a co-investor's commitments to Funds, vehicles and accounts, the expected amount of negotiations required in connection with such co-investor's commitment and such other factors that Corsair deems relevant under the circumstances. Investors should also note that limited partners are not required to participate in co-investments offered by the General Partners. In addition subject to the terms of the governing documents of the Funds, Corsair officers, employees, advisors, operating executives and affiliates may co-invest with the Fund. The allocation of co-investment opportunities will in many or all cases involve a benefit to Corsair including, without limitation, fees or carried interest from the co-investment opportunity, capital commitments to the Funds and capital commitments to other Funds. Co-investors generally will not share in broken deal expenses (such as reverse termination fees, extraordinary expenses such as litigation costs and judgments and other expenses) for unconsummated transactions in which such co-investment vehicle would have participated if the relevant transaction had been consummated.

#### **Item 13. Review of Accounts**

- A. The private equity or debt transactions will be negotiated on terms that are in the best interest of the Funds and that are consistent with the investment guidelines, restrictions and procedures set forth in the governing documents. The Adviser will consider, among other things, the following qualitative factors: (i) an experienced and capable management team with realistic plans to increase enterprise value over a reasonable time period and (ii) an expected return on the investment that is commensurate with its risk.

Currently, the Adviser utilizes a process of sharing investment ideas, implementing investment decisions and reviewing current investments through a series of ongoing meetings held among members of the Investment Committees. The Investment Committees are comprised of senior professionals of the Adviser and have primary responsibility for reviewing all investments and making decisions on whether to acquire or dispose of Fund investments. Meetings of the Investment Committees are held as needed to discuss current as well as prospective investments of the Funds.

- B. The Adviser reviews the Funds regularly, as described above.
- C. Investors are provided with regular reports which generally include quarterly statements and annual audited financial statements, as discussed in Item 15 of this brochure.

#### **Item 14. Client Referrals and Other Compensation**

- A. No one, other than the Adviser's Clients, provide an economic benefit to the Adviser for providing investment advice or other advisory services to the Clients.

- B. From time to time, the Adviser, the Advisory Affiliates and/or the Funds compensates one or more placement agents for referrals of Fund investors. Such placement agents may also seek to do business with, and earn fees or commissions from, affiliates of the Adviser, the Advisory Affiliates and/or the Funds' portfolio companies.

#### **Item 15. Custody**

All Fund cash and securities of which the Adviser is deemed to have custody are generally maintained with a qualified custodian, as defined in Rule 206(4)-2 under the Advisers Act (which includes U.S. registered broker-dealers) ("Qualified Custodian"), unless an exception is available. In accordance with Rule 206(4)-2 under the Advisers Act, each applicable Fund will distribute independently audited financial statements of the Fund to its respective investors not later than 120 days after the end of the Funds' fiscal year.

#### **Item 16. Investment Discretion**

The Adviser accepts discretionary authority to manage investments on behalf of its Clients through the investment advisory agreements with such Clients. Generally for the Buyout Funds, this discretionary authority has no limitations. For the Infrastructure Funds, the Adviser has agreed to certain limitations with respect to discretionary authority in limited circumstances. In addition, the Adviser also manages investments on behalf of certain Clients on a non-discretionary basis. The Funds or the Adviser has entered into side letters or other similar agreements with certain investors that have the effect of establishing rights (including economic or other terms) under, or altering or supplementing the terms of, the applicable Fund's limited partnership agreement with respect to such investors.

#### **Item 17. Voting Client Securities**

The Adviser has discretion to cast votes with respect to proxies of public companies and as such has adopted proxy voting policies and procedures in accordance with Rule 206(4)-6 under the Advisers Act. The policies address a broad range of issues and are generally consistent with the objective of maximizing long-term investment returns for the Funds. Each vote will be cast in the best interests of the relevant Fund and in accordance with the specific policies and procedures. The Adviser may also abstain from voting if, based on factors such as expense or difficulty of exercise, it determines that a Funds' interests are better served.

If the Adviser believes that a particular proposal presents a material conflict of interest, the Adviser will determine how to vote that proposal taking into consideration various factors including the investment objectives and strategies of the relevant Fund and any procedures set forth in the governing documents of the relevant Fund. In casting votes, the Adviser believes that a material conflict of interest between the Fund and the Adviser does not arise solely as a result of the Adviser's involvement with the particular portfolio company (i.e., an Adviser representative serving as an officer or director of a particular portfolio company). The Adviser will document the factors considered in determining how to vote a proposal that presents a material conflict of interest.

Investors of the Funds may request a copy of these policies or information regarding the historical voting record of any Fund in which such investor has made an investment by contacting the Adviser's Chief Compliance Officer.

#### **Item 18. Financial Information**

- A. The Adviser does not require or solicit prepayment of more than \$1,200 in fees per Client, six months or more in advance and therefore has not included a balance sheet.

- B. The Adviser does not believe that there are any conditions that are reasonably likely to impair the Adviser's ability to meet contractual commitments to Clients.
- C. The Adviser has never been the subject of a bankruptcy petition.