

ITEM 1: COVER PAGE

INVESTMENT ADVISER BROCHURE

BASALT INFRASTRUCTURE PARTNERS, LLP

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*This brochure (“Brochure”) provides information about the qualifications and business practices of **Basalt Infrastructure Partners, LLP** (“Basalt Infrastructure Partners”). If you have any questions about the contents of this Brochure, please contact us at +44 207 7663360. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority. Basalt Infrastructure Partners may refer to itself as a “**registered investment adviser**” or “**RIA**” under the Investment Advisers Act of 1940, as amended, and the rules and regulations promulgated thereunder (the “**Advisers Act**”); however, such registration does not imply a certain level of skill or training. Additional information about Basalt Infrastructure Partners is also available on the SEC's website at www.adviserinfo.sec.gov.*

ITEM 2: MATERIAL CHANGES

This Brochure has been revised since the most recent filing in March 2018. This annual amendment supplements existing disclosures relating to Basalt Infrastructure Partners' practices and related potential conflicts of interest under "Fees and Compensation," "Performance-Based Fees and Side by Side Management" and "Methods of Analysis, Investment Strategies and Risk of Loss."

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ITEM 4: ADVISORY BUSINESS

Basalt Infrastructure Partners, a UK limited liability partnership and a SEC-registered investment adviser (collectively with its advisory affiliates including the Sub-Adviser and General Partners as defined below, “**Basalt**” or the “**Adviser**”), was established in April 2011. The Adviser and its affiliated investment advisers provide investment advisory services to investment funds privately offered in the United States and elsewhere. The Adviser’s principal owners are Rob Gregor (Managing Partner), Steven Lowry (Partner) and Jeff Neil (Partner). The Adviser is also authorised and regulated by the UK Financial Conduct Authority.

Basalt’s clients include the following (each, a “**Fund**,” some of which may include feeder investment vehicles which are also considered to be clients, and together with any future private investment fund to which Basalt or its affiliates provide investment advisory services, the “**Funds**”):

- Basalt Infrastructure Partners LP (“**Fund I**”)
- Basalt Infrastructure Partners II A L.P. (“**Fund II A**”)
- Basalt Infrastructure Partners II B L.P. (“**Fund II B**”)
- Basalt Infrastructure Partners II C L.P. (“**Fund II C**”)
- Basalt Infrastructure Partners II D L.P. (“**Fund II D**” and, collectively with Fund II A, Fund II B and Fund II C, “**Fund II**”)
- CIPMA Golden Link, LLC
- Project Arthur AIV, L.P.
- Project Hyperion AIV, L.P.
- Project Lake AIV, L.P.

The following general partner and managing member entities are affiliated with Basalt (each, a “**General Partner**”):

- Basalt Infrastructure Partners GP Ltd
- Basalt Infrastructure Partners GP Member Limited
- Basalt Infrastructure Partners GP 2 LLP
- Basalt Infrastructure Partners II GP 2 LLP
- Basalt Infrastructure Partners II GP Limited

Each General Partner is subject to the Advisers Act pursuant to Basalt Infrastructure Partners’ registration in accordance with SEC guidance. This Brochure also describes the business practices of the General Partners, which operate as a single advisory business together with the Basalt Infrastructure Partners. Each General Partner’s board will typically consist of representatives of the Adviser and directors independent of the Adviser.

In addition to the activities and roles of the General Partners described above, the Adviser also intends to engage its financial industry affiliate, Basalt Infrastructure Partners, LLC (the “**Sub-Adviser**”), which the Adviser wholly owns and which is separately registered with the SEC as an

investment adviser, to provide investment advisory services regarding U.S. and Canadian infrastructure investments for each Fund.

The Funds are private investment funds and invest through negotiated transactions primarily in infrastructure assets, or asset-backed companies operating essential energy, transport and utilities in Western Europe and North America (such investments generally referred to herein as “**portfolio companies**”). The Adviser’s investment advisory services to the Funds consist of identifying and evaluating investment opportunities, negotiating the terms of investments, managing and monitoring investments and achieving dispositions for such investments. From time to time, where such investments consist of portfolio companies, the senior principals or other personnel of the Adviser or its affiliates generally serve on such portfolio companies’ respective boards of directors or otherwise act to influence control over management of portfolio companies in which the Funds have invested.

The Adviser’s advisory services to the Funds are detailed in the applicable private placement memoranda or other offering documents (each, a “**Memorandum**”), investment management agreements, limited partnership or other operating agreements or governing documents (each, a “**Partnership Agreement**”) and are further described below under “Methods of Analysis, Investment Strategies and Risk of Loss.” In each case, Basalt Infrastructure Partners provides its advice on a non-discretionary basis to the General Partner of a Fund, whose board of directors makes the investment decision on the Fund’s behalf. Each General Partner of a Fund is a wholly-owned subsidiary of Basalt Infrastructure Partners.

Investors in each Fund participate in the overall investment program for the applicable Fund, but may be excused from a particular investment due to legal, regulatory or other agreed-upon circumstances pursuant to the relevant Partnership Agreement. Each Fund or the respective General Partner will generally enter into side letters or other similar agreements (“**Side Letters**”) with certain investors that have the effect of establishing rights (including economic or other terms) under, or altering or supplementing the terms of, the relevant Partnership Agreement with respect to such investors.

Additionally, from time to time and as permitted by the relevant Partnership Agreement, the applicable General Partner expects to provide (or agree to provide) co-investment opportunities (including the opportunity to participate in co-invest vehicles) to certain investors or other persons, including other sponsors, market participants, finders, consultants and other service providers, personnel of the Adviser and/or certain other persons associated with the Adviser and/or its affiliates alongside the relevant Fund’s transactions. Such co-investments typically involve investment and disposal of interests in the applicable portfolio company at the same time and on the same terms as the Fund making the investment. Additionally, although expected to occur rarely, from time to time, for strategic and other reasons, a co-investor or co-invest vehicle may purchase a portion of an investment from one or more Funds after such Funds have consummated their investment in the portfolio company (also known as a post-closing sell-down or transfer). Any such purchase from a Fund by a co-investor or co-invest vehicle generally occurs shortly after the Fund’s completion of the investment to avoid any changes in valuation of the investment. Where appropriate, and in the Adviser’s sole discretion, the Adviser is authorised to charge, on behalf of the Fund, interest on the purchase to the co-investor or co-

invest vehicle (or otherwise equitably to adjust the purchase price under certain conditions), and to seek reimbursement to the relevant Fund for related costs. However, to the extent such amounts are not so charged or reimbursed, they generally will be borne by the relevant Fund.

A prospective Fund investor will need to consider whether a proposed investment vehicle is appropriate to the investor's circumstances based on all relevant factors including, but not limited to, the investor's investment objectives, liquidity requirements, tax situation and risk tolerance. Prospective investors are strongly encouraged to undertake appropriate due diligence, including but not limited to a review of relevant Fund offering materials.

As of December 31, 2018, the Adviser had approximately \$2,264,047,873 in regulatory assets under management.

ITEM 5: FEES AND COMPENSATION

In general, the Adviser, through the General Partner, is compensated for its services through the receipt of an advisory fee and performance-based fees in connection with advisory services. The Adviser or other Basalt entities or affiliates have the ability – although to date the Adviser has not exercised such ability, and does not currently expect to exercise such ability – to receive additional compensation in connection with management and other services performed for portfolio companies of Funds and such additional compensation will generally offset in whole or in part the management fees otherwise payable to the Adviser.

Management Fees

The Funds typically pay the General Partner, who in turn pays the Adviser, quarterly in advance, a management fee (the “**Management Fee**” or “**General Partner’s Share**”) equal to 1.5% on an annual basis of aggregate Fund investor capital commitments (“**Commitments**”). Investors participating in a closing after the first closing (the “**Initial Closing**”) bear the Management Fee from the Initial Closing. Upon the earlier of (i) the end of a Fund’s investment period and (ii) the date on which drawdowns on account of management fees, the general partner’s share or the equivalent commence with respect to a successor fund, the Management Fee will equal 1.5% of the aggregate acquisition cost of unrealised investments. The Management Fee will be payable until all portfolio investments are distributed or until the Adviser’s relationship with the applicable Fund is terminated for other reasons (as described in the relevant Partnership Agreement).

If portfolio companies are assessed, and pay to the Adviser or employees thereof through the General Partner, any monitoring fees, break-up fees and/or certain other fees, the Management Fee will be reduced by all or a portion of a Fund’s share of such fees. To the extent that such an offset credit would reduce the Management Fee for a given period below zero, such excess will be carried forward for future application against payable Management Fees. To the extent such excess remains upon dissolution of the Fund, the applicable General Partner shall distribute such unapplied excess to the limited partners *pro rata* based on respective Commitments, unless a limited partner has elected to waive such amount (*e.g.*, where an adverse tax consequence may result).

In the event that fees of the type referred to in the preceding paragraph are assessed, the General Partner may also be paid such fees from, on behalf of or with respect to co-investors in an investment. Co-investors will also, from time to time, receive such fees directly from portfolio companies or potential portfolio companies. The receipt of such fees in either case will not reduce the Management Fee payable by any Fund(s) that have also invested in such investment, and as a result a Fund will, in most cases, only benefit with respect to its allocable portion of any such fee and not the portion of any fee that relates to such co-investors, which have the potential to be significant. Similarly, in certain circumstances, the Adviser expects that co-investors or other parties will negotiate the right to share a portion of such fees from a particular investment,

and the above-described offset percentage will be applied after excluding any amounts paid to such persons.

Carried Interest

The Adviser will typically receive a carried interest with respect to the Funds equal to 20% of all realised profits subject to an 8% compound preferred return, as more fully described in the Partnership Agreement, although performance-based fees may be negotiated on a Fund-by-Fund basis. The carried interest distributed to Adviser is subject to a potential giveback at the end of life of the Fund if the Adviser has received excess cumulative distributions.

It is expected that any future Funds will have a similar fee structure.

Other Information

The Adviser is permitted to exempt certain “affiliated partner” investors in the Funds from payment of all or a portion of Management Fees and/or carried interest, including the Adviser and any other person designated by the Adviser, such as “friends and family” of the Adviser or its personnel, or other investors meeting certain qualification requirements based on commitment size. Any such exemption from fees and/or carried interest may be made by a direct exemption, a rebate by the Adviser and/or its affiliates, or through other Funds that co-invest with a Fund. For example, in instances where an Adviser professional (or an affiliated entity thereof) invests in a Fund, such professional (or such affiliated entity) generally will be exempt from payment of the Management Fee and carried interest with respect to such Fund. Additionally, to the extent permitted by the relevant Partnership Agreement, certain Advisers have the right to permit investors, affiliated with an Adviser or otherwise, to invest through the relevant General Partner or other vehicles that do not bear Management Fees or carried interest. In general, the Management Fee offsets described above apply only with respect to the capital commitments of fee-paying investors.

The Funds generally invest on a long-term basis in highly illiquid securities. Accordingly, investment advisory and other fees are expected to be paid, except as otherwise described in the Partnership Agreement, over the term of the relevant Fund, and investors generally are not permitted to withdraw or redeem interests in the Funds.

Principals or other current or former employees of the Adviser generally receive salaries and other compensation derived from, and in certain cases including a portion of, the Management Fee, carried interest or other compensation which may be received by the Adviser or its affiliates.

In addition to the Management Fee and carried interest payable to the General Partner, and ultimately the Adviser, each Fund bears certain expenses. As set forth more fully in the applicable Memorandum and/or Partnership Agreement of each Fund, a Fund bears all expenses

relating to the Fund's activities, investments and business to the extent not reimbursed by a portfolio company or applied to reduce transaction fees. These expenses typically include: direct or indirect fees, costs, expenses, liabilities and obligations relating to a Fund's and/or its subsidiaries' activities, investments, administration and business (to the extent not borne or reimbursed by a portfolio company), including (i) all fees, costs, expenses, liabilities and obligations attributable to structuring, organising, acquiring, financing, refinancing, managing, operating, holding, taking public or private, valuing, winding up, liquidating, dissolving and disposing of a Fund's investments, including fees, costs and expenses associated with any investment-related filings, reports or other compliance requirements contemplated by the AIFMD or any other similar law, rule or regulation as implemented in any relevant jurisdiction (including follow-on investments, interest and fees on money borrowed by a Fund or a General Partner on behalf of a Fund, registration expenses, commitment fees, survey, brokerage, finders', custodial and other fees), (ii) legal, accounting, administration, custodian, depositary (including a depositary appointed pursuant to the AIFMD and any law, rule or regulation relating to the implementation thereof in any relevant jurisdiction), Swiss representative and paying agent service provider (pursuant to the Swiss Collective Investment Schemes Act (as amended) and the implementation thereof), auditing, insurance (including directors and officers and errors and omissions liability insurance), currency hedging (in connection with any actual or proposed investment), reasonable travel, litigation and indemnification costs and expenses, judgments and settlements, consulting, retainer, finders', financing, appraisal, third party valuation, filing, transfer, and other fees and expenses (including fees, costs and expenses associated with any filings, reports or other compliance requirements (other than the initial registrations, filings and compliance) contemplated by the AIFMD or any similar law, rule or regulation as implemented in any relevant jurisdiction, and with the preparation or distribution of a Fund's financial statements, tax returns, tax estimates and Schedule K-1s or any other administrative, regulatory or other Fund-related reporting or filing (including Form PF)), (iii) expenses of the advisory board incurred in accordance with the applicable Fund Agreement (including, for the avoidance of doubt, the cost of any independent professional advisors appointed by the advisory board), (iv) all fees, costs, expenses, liabilities and obligations incurred by a Fund, its General Partner, any other Basalt person or their respective members, partners and employees relating to investment and disposition opportunities for a Fund not consummated (including legal, accounting, auditing, insurance (including directors and officers, errors and omission liability and other insurance), reasonable travel, consulting, finders', financing, appraisal, filing, printing, real estate title, reverse breakup, termination and other fees and expenses), (v) all out-of-pocket fees, costs and expenses incurred by a Fund, its General Partner, any other Basalt person or their respective members, partners and employees in connection with the annual and other periodic (if any) meetings of the limited partners and any other conference or meeting of or with a limited partner, (vi) the General Partner's Share (or drawings or interest-free loans on account thereof), (vii) any taxes, fees and other governmental charges levied against a Fund (except to the extent that such Fund is reimbursed therefor by a reimbursing partner or such tax, fee or charge is treated as having been distributed to such Fund's partners pursuant to the applicable Partnership Agreement), (viii) costs and expenses that are classified as extraordinary expenses under GAAP (such as litigation, indemnification, judgements and settlements, if any), (ix) other than the fees, costs and expenses set out in the foregoing, any regulatory related fees or expenses related to a Fund, which, for the avoidance of doubt, shall not include any legal and compliance costs attributable solely to the applicable General Partner or its affiliates, (x) all costs, fees and

expenses incurred in connection with the organisation, management, operation, winding-up, liquidating and dissolution of any alternative investment vehicles, (xi) costs associated with investment holding structures and intermediate vehicles including reasonable travel, accommodation, registered office and administration and compliance with all applicable laws and regulations, but not including (A) organisational expenses, (B) any expenses included as part of the definition of “Investment Contributions” in the applicable Partnership Agreement and (C) placement fees and (D) all ordinary overhead expenses of the General Partner and the Adviser.

As described above, in certain circumstances, the relevant General Partner is expected to permit certain investors to co-invest in portfolio companies alongside one or more Funds, subject to the Adviser’s related policies and the relevant Partnership Agreement(s) and/or Side Letter(s). Where a co-invest vehicle is formed, such entity generally will bear expenses related to its formation and operation, many of which are similar in nature to those borne by the Funds. In the event that a transaction in which a co-investment was planned, including a transaction for which a co-investment was believed necessary in order to consummate such transaction or would otherwise be beneficial, in the judgment of the General Partner, ultimately is not consummated, all out-of-pocket expenses incurred in connection with such proposed transaction will be borne by the Fund(s) and not by any potential co-investors that were to have participated in such transaction.

The Adviser and/or its affiliates generally have discretion over whether to charge transaction fees, monitoring fees or other compensation to a portfolio company and, if so, the rate, timing and/or amount of such compensation. In most circumstances, such compensation is not reviewed or approved by an independent third party. The receipt of such compensation generally will give rise to potential conflicts of interest between the Funds, on the one hand, and the Adviser and/or its affiliates on the other hand.

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

As described under “Fees and Compensation,” the Adviser receives a carried interest allocation on certain realised profits in the Funds.

The existence of performance-based compensation has the potential to create an incentive for a General Partner to make more speculative investments on behalf of a Fund than it would otherwise make in the absence of such performance-based compensation, although the Adviser generally considers performance-based compensation to better align its interest with those of its investors.

Additionally, to the extent that the Adviser’s personnel are assigned varying percentages of carried interest from the Funds, such personnel are subject to potential conflicts of interest in identifying investment opportunities as appropriate for Funds from which they are entitled to receive a higher carried interest percentage. The Adviser seeks to address the potential for conflicts of interest in these matters with allocation policies and/or practices that provide that transactions and investment opportunities will be allocated to the Funds in accordance with each Funds’ investment guidelines and governing documents, as well as other factors that do not include the amount of performance-based compensation received by the Adviser or any personnel.

ITEM 7: TYPES OF CLIENTS

The Adviser provides investment advisory services to the Funds. The Funds may include investment partnerships or other investment entities formed under U.S. or non-U.S. laws and operated as exempt from registration as an "investment company" under the Investment Company Act of 1940, as amended. The investors participating in the Funds may include individuals, banks or thrift institutions, other investment entities (including fund of funds), sovereign wealth funds, family offices, pension and profit-sharing plans, university endowments, trusts, estates or charitable organizations or other corporations or business entities and may include, directly or indirectly, principals or other employees of the Adviser and its affiliates and members of their families or service providers retained by the Adviser.

The Funds may include alternative investment vehicles established from time to time in order to permit one or more investors to participate in one or more particular investment opportunities in a manner desirable for tax, regulatory or other reasons. Alternative investment vehicle sponsors generally have limited discretion to invest the assets of these vehicles independent of limitations or other procedures set forth in the organizational documents of such vehicles and the related Fund.

Generally, the minimum commitment to a Fund for third-party investors will be \$10,000,000, and interests in a Fund are offered and sold solely to qualified purchasers (or qualified Adviser personnel). Such minimum investment amount may be waived in the sole discretion of the General Partner. The General Partner may enter into separate account relationships with certain institutional investors.

ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Investment and Operating Strategy

The Adviser's investment strategy targets mid-market investments in operational infrastructure assets, also known as brownfield assets, in the energy, transport and utilities sectors and asset-backed infrastructure companies operating energy, transport and utilities infrastructure assets in Western Europe and North America. The Adviser's strategy focuses on infrastructure assets with the potential for improved operating enhancements through active management.

The Adviser expects to look to the Sub-Adviser for investment opportunities in the U.S. and Canada. An investment opportunity is then subject to a multi-stage process involving reviews by the Adviser's investment committee and related due diligence.

The General Partner of each Fund is responsible for reviewing, approving, and ultimately implementing the investment strategy for such Fund as well as the Adviser's plan for operational enhancement of the applicable portfolio companies.

The Funds' portfolio investments are expected to be made in private companies recommended by the relevant General Partner through the Adviser and these positions will generally represent controlling or material stakes in such companies. Fund investments may also take the form of joint ventures with corporate, financial or government partners. Once an investment has been executed, the General Partner of the Fund will seek to achieve targeted operational improvements through close involvement of its sponsoring executive for the investment during the initial stages of the investment and the assignment of a dedicated asset manager who will be primarily responsible for ensuring ongoing focus on executing the General Partner's operational enhancement plan for the asset. The General Partner will use a structured exit process, typically following the substantial implementation of an asset's planned operational enhancement.

There can be no assurance that the General Partner will achieve the investment objectives of any Fund and a loss of investment is possible.

Risks of Investment

Each Fund and its investors bear the risk of loss that the General Partner's investment strategy entails. The risks involved with the General Partner's investment strategy and an investment in a Fund include, but are not limited to:

Illiquidity; Lack of Current Distributions. Investments made by the Fund may be illiquid and consequently the Fund may not be able to sell such investments at prices that reflect the General Partner's assessment of their value. The prices of the Fund's investments are volatile and market movements are difficult to predict. The nature of the Fund's investments may also require a long holding period prior to profitability. Consequently, disposals of investments may require a lengthy time period or may result in distributions in kind of securities in lieu of or in addition to cash. Although the Fund intends to make distributions in cash, it is possible that under certain

circumstances (including upon liquidation of the Fund), distributions may be made in specie and could consist of securities for which there may be no readily available public market. In the event the Fund makes distributions of securities in kind upon liquidation of the Fund, such securities could be illiquid or subject to legal, contractual and other restriction on transfers.

Reliance on General Partner and Investment Professionals. The Fund will be managed by the General Partner and accordingly limited partners will not be able to make investment or other decisions on behalf of the Fund or have any role in the Fund's transactions. The Fund's success will depend in substantial part upon the skill and expertise of the investment professionals employed by the General Partner, the Adviser and their affiliates and there can be no assurance that such individuals will continue to be employed by such entities or to function on behalf of the Fund. The investment professionals may not remain with Basalt throughout the life of the Fund, and this could have a material effect on the Fund, notwithstanding that some investor protections exist in the Fund documentation.

Lack of Sufficient Investment Opportunities. The business of identifying and executing corporate loan and equity capital investments can be highly competitive and involves a high degree of uncertainty. There may be a significant period of time before the Fund has invested all of the Commitments. It is possible that the Fund will never be fully invested if enough sufficiently attractive investments are not identified. The Fund may participate in a limited number of investments so that returns might be adversely affected by the poor performance of even a single investment. Interest rates, the availability of financing, the price of securities and participation by other investors in the financial markets may adversely affect the value and number of investments made by the Fund. The Fund may incur significant expenses in connection with investigating prospective investments which are ultimately not consummated, including expenses relating to due diligence, travel, legal expenses and the fees of third-party advisers.

Leveraged Investments. The Fund may make use of leverage by incurring or having a portfolio company incur debt to finance a portion of its investment in a given asset, including in respect of companies not rated by credit agencies. Leverage generally magnifies both the Fund's opportunities for gain and its risk of loss from a particular investment. The cost and availability of leverage is highly dependent on the state of the broader credit markets, which state is difficult to accurately forecast, and at times it may be difficult to obtain or maintain the desired degree of leverage. The use of leverage may also result in interest expense and other costs to the Fund that may not be covered by distributions made to the Fund or appreciation of its investments. Leveraged transactions are, by their own nature, subject to a high degree of financial risk, including without limitation, a significant rise in interest rates, and the potential repayment of the loan facility in priority to any distribution to the Fund and its investors. The use of leverage may also impose restrictive financial and operating covenants on a company, in addition to the burden of debt service, and may impair its ability to finance future operations and capital needs. In addition, the leveraged capital structure of portfolio companies will increase the exposure of the Fund's investments to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment or rising interest rates and could accelerate and

magnify declines in the value of the Fund's investments in leveraged portfolio companies in a down market. In the event any portfolio company cannot generate adequate cash flow to meet debt service, the Fund may suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of the Fund. Furthermore, should the credit markets be tight at the time the Fund determines that it is desirable to sell all or a part of a portfolio company, the Fund may not achieve an exit multiple or enterprise valuation consistent with its forecasts. Moreover, the companies in which the Fund will invest generally will not be rated by a credit rating agency.

Subscription Lines. A Fund may enter into a subscription line with one or more lenders in order to finance its operations (including the acquisition of the Fund's investments). Fund-level borrowing subjects limited partners to certain risks and costs. For example, because amounts borrowed under a subscription line typically are secured by pledges of the relevant General Partner's right to call capital from the limited partners, limited partners may be obligated to contribute capital on an accelerated basis if the Fund fails to repay the amounts borrowed under a subscription line or experiences an event of default thereunder. Moreover, any limited partner claim against the Fund would likely be subordinate to the Fund's obligations to a subscription line's creditors.

In addition, Fund-level borrowing will result in incremental partnership expenses that will be borne by investors. These expenses typically include interest on the amounts borrowed, unused commitment fees on the committed but unfunded portion of a subscription line, an upfront fee for establishing a subscription line, and other one-time and recurring fees and/or expenses, as well as legal fees relating to the establishment and negotiation of the terms of the borrowing facility. Because a subscription line's interest rate is based in part on the creditworthiness of the relevant Fund's limited partners and the terms of the Partnership Agreement, it may be higher than the interest rate a limited partner could obtain individually. To the extent a particular limited partner's cost of capital is lower than the Fund's cost of borrowing, Fund-level borrowing can negatively impact a limited partner's overall individual financial returns even if it increases the Fund's reported net returns in certain methods of calculation.

A credit agreement may contain other terms that restrict the activities of a Fund and the limited partners or impose additional obligations on them. For example, a subscription line may impose restrictions on the relevant General Partner's ability to consent to the transfer of a limited partner's interest in the Fund. In addition, in order to secure a subscription line, the relevant General Partner may request certain financial information and other documentation from limited partners to share with lenders. The General Partner will have significant discretion in negotiating the terms of any subscription line and may agree to terms that are not the most favorable to one or more limited partners.

Fund-level borrowing involves a number of additional risks. For example, drawing down on a subscription line allows the General Partner to fund investments and pay partnership expenses without calling capital, potentially for extended periods of time. Calling a large amount of capital at once to repay the then current amount outstanding under a subscription line could

cause short-term liquidity concerns for limited partners that would not arise had the relevant General Partner called smaller amounts of capital incrementally over time as needed by a Fund. This risk would be heightened for a limited partner with commitments to other funds that employ similar borrowing strategies or with respect to other leveraged assets in its portfolio; a single market event could trigger simultaneous capital calls, requiring the limited partner to meet the accumulated, larger capital calls at the same time. A Fund may also utilize Fund-level borrowing when the General Partner expects to repay the amount outstanding through means other than Limited Partner capital, including as a bridge for equity or debt capital with respect to an investment. If the Fund ultimately is unable to repay the borrowings through those other means, limited partners would end up with increased exposure to the underlying investment, which could result in greater losses.

Market Conditions. The capital markets have experienced great volatility and financial turmoil. Moreover, governmental measures undertaken in response to such turmoil (whether regulatory or financial in nature) may have a negative effect on market conditions. General fluctuations in the market prices of securities and economic conditions generally may reduce the availability of attractive investment opportunities for the Fund and may affect the Fund's ability to make investments. Instability in the securities markets and economic conditions generally (including a slow-down in economic growth and/or changes in interest rates or foreign exchange rates) may also increase the risks inherent in the Fund's investments and could have a negative impact on the performance and/or valuation of the portfolio companies. The Fund's performance can be affected by deterioration in the capital markets and by market events, such as the onset of the credit crisis in the summer of 2007 or the downgrading of the credit rating of the United States in 2011, which, among other things, can impact the public market comparable earnings multiples used to value privately held portfolio companies and investors' risk-free rate of return. Movements in foreign exchange rates may adversely affect the value of investments in portfolio companies and the Fund's performance. Volatility and illiquidity in the financial sector may have an adverse effect on the ability of the Fund to sell and/or partially dispose of its portfolio company investments. Such adverse effects may include the requirement of the Fund to pay break-up, termination or other fees and expenses in the event the Fund is not able to close a transaction (whether due to the lenders' unwillingness to provide previously committed financing or otherwise) and/or the inability of the Fund to dispose of investments at prices that the General Partner believes reflect the fair value of such investments. The impact of market and other economic events may also affect the Fund's ability to raise funding to support its investment objective.

Control Liability. In most cases, the Fund will own a significant or controlling percentage of the common equity of the portfolio companies and assets in which it invests. The Fund will generally appoint one or more representatives to the board of directors of the companies in which it invests. On occasion, a representative of the Adviser on behalf of the Fund may also serve in an executive officer position with a portfolio company. Significant or controlling ownership and serving on the board of directors or as an executive officer of a portfolio company exposes the Fund's representatives, and ultimately the Fund, to potential liability because the Fund or its

representatives may in certain cases be thought to control, participate in the management of or influence the conduct of portfolio companies.

Non-Controlling Investments. The Fund may hold meaningful minority stakes in privately held companies and in some cases may have limited minority protection rights. In addition, during the process of exiting investments, the Fund at times may hold minority equity stakes of any size such as might occur if portfolio companies are taken public. As is the case with minority holdings in general, such minority stakes that the Fund may hold will have neither the control characteristics of majority stakes nor the valuation premiums accorded majority or controlling stakes. Where the Fund holds a minority stake, it may be more difficult for the Fund to liquidate its interests than it would be had the Fund owned a controlling interest in such company. Even if the Fund has contractual rights to seek liquidity of the Fund's minority interests in such companies, it may be very difficult to sell such interests or seek a sale of such company upon terms acceptable to the Fund, especially in cases where the interests of the other investors in such company have different business and investment objectives and goals.

Investments in Infrastructure. Investments in the infrastructure sector involve risks, which broadly stem from issues of geographic or market concentration, the financial instability of third-party sub-contractors, government regulation, technical failings, the Fund's management capability and the economic climate including interest rate fluctuation. Infrastructure investments are vulnerable to adverse change in the economic conditions of the jurisdiction in which they are situated, as well as to global economic declines. Since projects in this sector tend to be of a long-term nature, projects which were conceived at a time when conditions were favourable may subsequently be adversely affected by changes in the financial markets, investor sentiment or a more general economic downturn. Investments in real estate may cause the Fund to incur stamp duty, other property taxes and other expenses incurred in, for example, maintaining, improving and disposing of the property.

Greenfield Investments and Construction Risk. Like any other business, the viability of an infrastructure asset is reliant on the revenue, costs and profitability of that asset. Variability in any of these factors will affect the value of an investment. These risks are particularly acute for greenfield investments that lack established revenue and profitability track records. Further, investments in greenfield infrastructure assets may result in exposure to the risk that construction will not be completed on time, within budget or to specifications. Similar risks may also apply to operational assets in relation to any development works conducted. The revenue and cost implications of this risk may adversely impact the value of an investment. Although the Adviser may be able to negotiate with construction contractors in order to reduce these risks, even successful negotiations with such contractors will not eliminate these risks, which may still exist inter alia in the following circumstances: (i) construction contractors may not have the skill and competency required to complete the construction and the construction may not ultimately be fit for purpose; (ii) although the Adviser may have negotiated a liquidated damages clause, this provision may not be enforceable if the Fund has contributed to the delay; (iii) there may be situations where the expected completion date for projects is extended under the contract, and the construction contractor will not be liable for liquidated damages until the extended completion

date has lapsed; and (iv) the Fund may not be able to recover the full amount of its losses under the liquidated damages clause, particularly if there is a cap on the liquidated damages clause or if the construction contractor subsequently becomes insolvent; and the Fund may be liable for site defects or contamination at the site once the construction contractor has completed its works.

Environmental Risks. The Fund may be liable for breaches of environmental protection statutes, rules and regulations. The risks extend to existing and future contamination, including pollution of soil and groundwater, and both current and previous owners of real property may be held to be liable. The potential liability includes payment of the costs of investigating, monitoring, removal and remediation of the polluting substances, as well as fines for non-compliance with the relevant statute, rule or regulation, and compensation may also be payable if liability arises for personal injury, property damage or other private claims which may be brought as a result of the contamination. Often this liability arises regardless of the state of knowledge of the owner or operator of the property, and regardless of whether or not it caused the contamination. A liability of this nature may be detrimental to the value of the investment and therefore to the value of the Fund.

Toll Rate Risk. Some investments may make the majority of their revenues from collecting tolls from vehicles using roads, subways, tunnels and bridges. The toll rates will often be set out in concession agreements between the Fund or the relevant investment and the relevant government body. Toll rates may be challenged directly by the relevant government body, either as a result of government lobbying by pressure groups, or because of public pressure. In addition, the public may refuse to accept increases in toll rates, and there is a risk that they might boycott the toll route or refuse to pay the toll. Government bodies may also try to negotiate lower rates or a waiver of toll payment for types of vehicle. Any loss caused as a result of these factors may be recoverable as compensation under the relevant concession agreement, but if this is not the case, the Fund's investment position may be materially adversely affected.

Operational Risk. The long-term profitability of the assets in which the Fund invests will be dependent upon the efficient operation and maintenance of such assets. Most infrastructure assets are operated and maintained by external parties under contractual relationships. Poor operational and maintenance performance by these third parties may have a negative effect on the value of an investment and reduce returns to investors. Demand, usage and throughput risk can affect the performance of portfolio companies. To the extent that assumptions regarding the demand, usage and throughput of assets prove incorrect, returns to the Fund could be adversely affected.

Unforeseen Events Risk. The use of the infrastructure assets may be interrupted or otherwise affected by a variety of events outside the General Partner's control, including serious traffic accidents, natural disasters (such as fire, floods, earthquakes and typhoons), man-made disasters (including terrorism), defective design and construction, slope failure, bridge and tunnel collapse, road subsidence, fuel prices, environmental legislation or regulation, general economic conditions, labour disputes and other unforeseen circumstances and incidents. Certain of these events have affected infrastructure assets in the past, and if the use of the infrastructure assets operated by investments is interrupted in whole or in part for any period as a result of any such

events, the revenues of such investments could be reduced and the costs of maintenance or restoration as well as the overall public confidence in such infrastructure assets could be reduced. There can be no assurance that such investments' insurance would cover liabilities resulting from claims relating to the design, construction, maintenance or operation of infrastructure assets, lost revenues or increased expenses resulting from such damage. In some cases project agreements could be terminated if the events described above were so catastrophic that they could not be remedied within a reasonable period or at all.

Government Risk. Infrastructure assets are generally subject to increased government regulation and many of the portfolio companies may be subject to substantial regulation by governmental agencies. The nature of the arrangements can expose owners to a higher level of regulatory control than typically imposed on other businesses. Changes in legal, tax and regulatory regimes (the laws or their interpretation) may occur during the life of the Fund which may have an adverse effect on it or its investments. There is a risk that government bodies may impose or amend legislation or regulations, or may act contrary to the law in a way that materially and adversely affects the Fund's investments. The repealing, amending or enacting of a new law or regulation (or a new interpretation of the law or regulation) can substantially affect an infrastructure project. In many instances, the acquisition of infrastructure assets involves an ongoing relationship with a government agency. Such entities may often operate as a result of leases, licenses, contracts or concessions with the government, which are generally very complex, and these legal documents may potentially be the subject of disputes over interpretation or enforceability. Furthermore, fines may be imposed if the Fund or its portfolio companies do not comply with laws, regulations or contractual obligations, or the right of these entities to operate the infrastructure asset may be lost, or both. Government concessions or leases may also restrict the profitability of the underlying asset by imposing certain restrictions in relation to its operation. Such concessions/leases may also include clauses that are more favourable than those contained in contracts with commercial counterparties. For instance, a lease or concession may enable the government to terminate the lease or concession in certain circumstances without requiring the payment of adequate compensation. Counterparties may also impose conditions relating to ongoing ownership of the underlying assets or similar provisions, and may require such assets to remain managed or advised by the General Partner and/or the Adviser or their affiliates. Therefore, removal of the General Partner may adversely affect the continuing ownership and operation of these assets by the Fund. Government counterparties may also have the ability to implement or amend laws, regulation or policies relating to the operation of investments, which would operate separately from any rights under the lease, licence, contract or concession.

Sovereign Risk. In addition, government bodies may exercise sovereign rights in a way that contravenes any concession agreements that they are party to. This may have a material and adverse effect on the business of the Fund's investment. Government counterparties also may have the discretion to change or increase regulation of portfolio company operations, or implement laws or regulations affecting their operations, separate from any contractual rights they may have. Governments have considerable discretion in implementing regulations that could affect the businesses carried on by portfolio companies, and because such businesses provide basic, everyday services, and face limited competition, governments may be influenced by political considerations and may make decisions that adversely affect such businesses. Where

a portfolio company is the sole or predominant service provider in its service area and provides services that are essential to the community, it may be subject to rate regulation by governmental agencies that will determine the prices it may charge. Portfolio companies may be subject to unfavourable price determinations that may be final with no right of appeal or which, despite a right of appeal, could result in profits being negatively affected.

Competition Risks and Alternative Infrastructure Assets. The Fund may be competing for investments with other parties. It is possible that competition for appropriate investment opportunities may increase, which may reduce the number of opportunities available and/or adversely affect the terms upon which such investments can be made. There is no guarantee that the Fund will be able to achieve full investment during the Investment Period and, accordingly, the Fund may only make a limited number of investments. In addition, infrastructure investments may themselves face significant competition from alternative infrastructure resources; for example, alternative routes to toll roads may reduce the number of users of the toll road which may materially and adversely affect the Fund's financial condition. Infrastructure assets can often experience gradually increasing or fluctuating patronage in the early years of operation, and there is also a risk that the demand for use of the asset may be less than originally projected.

Currency risk. Some investments may be in currencies other than the U.S. dollar and therefore their value may vary with the relevant exchange rate. Investors should be aware that movements in the value of currencies over the life of the Fund will affect the value of their holdings.

Hedging Risks. To the extent derivative financial instruments are used for risk management purposes, the Fund's portfolio may be subject to greater than ordinary investment risks. These may include:

- Price risk – the risk that a price change (either in the relevant market or in the derivative contract itself) is adverse to the derivative position held;
- Leveraging risk – the use of derivatives may create greater exposure to a market than the assets backing the position, thus potentially magnifying the risk of loss;
- Liquidity risk – the risk that a derivative position cannot be reversed and that the Fund will need to incur borrowing or contribute additional capital to finance such liquidity requirements;
- Default risk – the risk that the other party to a derivative contract defaults on payments under the contract.

Any such hedging transactions may not be effective in mitigating risk in all market conditions or against all types of risk (including unidentified or unanticipated risks), thereby resulting in losses to the Fund. Engaging in hedging transactions may result in a poorer overall performance for the Fund than not doing so, and it may not be possible to effectively hedge against, or accurately anticipate, certain risks that may adversely affect the Fund's investment portfolio. In addition, the Fund's investment portfolio will always be exposed to certain risks that cannot be fully or effectively hedged, such as credit risk relating both to particular securities and counterparties.

Special Interest Groups Risk. Special interest groups may be opposed to particular infrastructure projects if such projects are perceived to have a significant impact on communities or the surrounding environment. Such groups may seek to bring legal action in order to obstruct particular projects.

Terrorism Risk. It is possible that terrorist organizations might target energy assets, particularly those that are well known and monopolistic. Insurance in relation to this threat might be unobtainable or not commercially viable. If a terrorist attack were to involve the property of a portfolio company, the liability incurred or loss suffered may exceed all available insurance coverage and result in adverse consequences for other investments held by the Fund.

Projections. Projected operating results of a company in which a Fund invests normally will be based primarily on financial projections prepared by such company's management, with adjustments to such projections made by the Adviser in its discretion. In all cases, projections are only estimates of future results that are based upon information received from the company and third parties and assumptions made at the time the projections are developed. There can be no assurance that the results set forth in the projections will be attained, and actual results may be significantly different from the projections. Also, general economic factors, which are not predictable, can have a material impact on the reliability of projections.

Cybersecurity Risks. Recent events have illustrated the ongoing cybersecurity risks to which operating companies are subject, particularly operating companies in historically vulnerable industries such as the food services and retail industries. To the extent that (i) the Adviser, (ii) one of its service providers holding the Adviser's financial or investor data, or (iii) a portfolio company is subject to cyber-attack or other unauthorized access is gained to such entity's systems, such entity may be subject to substantial losses in the form of stolen, lost or corrupted data. Particularly with respect to a portfolio company, such losses may include stolen, lost or corrupted (i) customer data or payment information; (ii) customer or portfolio company financial information; (iii) portfolio company software, contact lists or other databases; (iv) portfolio company proprietary information or trade secrets; or (v) other items. In certain events, a portfolio company's failure or deemed failure to address and mitigate cybersecurity risks may be the subject of civil litigation or regulatory or other action. Any of such circumstances could subject the Adviser, its service providers, portfolio companies, or the relevant Fund, to substantial losses.

Conflicts of Interest

The Adviser and its related entities engage in a broad range of advisory and non-advisory activities, including investment activities for their own account and for the account of other Funds, and providing transaction-related, legal, management and other services to Funds and portfolio companies. The Adviser will devote such time, personnel and internal resources as are necessary to conduct the business affairs of the Funds in an appropriate manner, as required by the relevant Partnership Agreement, although the Funds and their respective investments will place varying levels of demand on these over time. In the ordinary course of the Adviser conducting its activities, the interests of a Fund may conflict with the interests of the Adviser, one or more other Funds, portfolio companies or their respective affiliates. Certain of these

conflicts of interest are discussed herein. As a general matter, the Adviser will determine all matters relating to structuring transactions and Fund operations using its best judgment considering all factors it deems relevant, but in its sole discretion, subject in certain cases to the required approvals by the advisory committees of the participating Funds.

During the commitment period of a Fund, all appropriate investment opportunities will be pursued by the Adviser principals through such Fund, subject to certain limited exceptions. Without limitation, the Adviser principals currently advise, and expect in the future to advise, several other investments similar to those in which a Fund will be investing, and may recommend certain relevant investment opportunities to those investments. The Adviser's principals and the Adviser's investment staff will continue to monitor and provide advice regarding such investments until their realization. Such other investments that Adviser provides advice to may potentially compete with companies acquired by a Fund. Following the commitment period of a Fund, the Adviser's principals may and likely will focus their investment activities on other opportunities and areas unrelated to such Fund's investments.

From time to time, the Adviser will be presented with investment opportunities that would be suitable not only for a Fund, but also for other Funds and other investment vehicles operated by advisory affiliates of the Adviser. In determining which investment vehicles should participate in such investment opportunities, the Adviser and its affiliates are subject to conflicts of interest among the investors in such investment vehicles. Investments by more than one Fund in a portfolio company may create certain conflicts of interest and also raises the risk of using the assets of one Fund to support positions taken by another Fund.

The Adviser must first determine which Fund(s) will, or are required to, participate in the relevant investment opportunity. The Adviser generally assesses whether an investment opportunity is appropriate for a particular Fund based on the Fund's Partnership Agreement, as well as certain other factors. For example, a newly organized Fund generally will seek to purchase a disproportionate amount of investments until it is substantially invested. A Fund may invest together with other Funds advised by an affiliated adviser of the Adviser in the manner set forth in the relevant Partnership Agreements. The General Partners of the Funds will collectively determine the allocation of investment opportunities among Funds in a manner that it believes is fair and equitable consistent with such General Partners' obligations and may take into consideration certain factors as noted above.

Following such determination of allocation among Funds, the General Partner will determine if the amount of an investment opportunity in which one or more Funds will invest exceeds the amount that would be appropriate for such Fund(s) and any such excess may be offered to one or more potential co-investors, including third parties, as determined by the Funds' Partnership Agreements, Side Letters and the General Partners' procedures regarding allocation.

Furthermore, decisions regarding whether and to whom to offer co-investment opportunities may be made by the General Partner or its related persons in consultation with other participants in the relevant transactions, such as a co-sponsor. Co-investment opportunities may, and typically will, be offered to some and not to other Fund investors, and the General Partner's allocation decisions may result in certain investors receiving multiple opportunities to co-invest while

others expressing interest in co-investments may receive none. When and to the extent that employees and related persons of the Adviser and its affiliates make capital investments in or alongside certain Funds, the General Partner and its affiliates are subject to conflicting interests in connection with these investments. Although a prospective co-investor's willingness to invest in future Funds may be considered by the General Partner, it will not be the sole determining factor considered by the General Partner in identifying co-investors. There can be no assurance that any Fund's return from a transaction would be equal to and not less than another Fund participating in the same transaction or that it would have been as favourable as it would have been had such conflict not existed.

The General Partners' allocation of investment opportunities among the persons and in the manner discussed herein may not, and often will not, result in proportional allocations among such persons, and such allocations may be more or less advantageous to some such persons relative to others. While the General Partners will allocate investment opportunities in a manner that it believes in good faith is fair and equitable to the relevant Funds under the circumstances over time and considering relevant factors, there can be no assurance that a Fund's actual allocation of an investment opportunity, if any, or the terms on which that allocation is made, will be as favourable as they would be if the conflicts of interest to which the General Partner may be subject, discussed herein, did not exist.

In certain cases, the Adviser may provide advice to the General Partner which will have the opportunity (but, subject to any applicable restrictions or procedures in the relevant Partnership Agreement, no obligation) to identify one or more secondary transferees of interests in a Fund. In such cases, the Adviser and General Partner will not receive any additional compensation for identifying such transferees, and will use its discretion to select such transferees based on suitability and other factors, and unless required by the relevant Partnership Agreement, will determine in its sole discretion whether the opportunity to receive a transfer of Fund interests should be offered to one or more existing Fund investors.

Conflicts may arise when a Fund makes investments in conjunction with an investment being made by another Fund, or if it were to invest in the securities of a company in which another Fund has already made an investment. A Fund may not, for example, invest through the same investment vehicles, have the same access to credit or employ the same hedging or investment strategies as other Funds. This may result in differences in price, terms, leverage and associated costs. Further, there can be no assurance that the relevant Fund and the other Fund(s) or vehicle(s) with which it co-invests will exit such investment at the same time or on the same terms. The Adviser and its affiliates may express inconsistent views of commonly held investments or of market conditions more generally. There can be no assurance that the return on one Fund's investments will be the same as the returns obtained by other Funds participating in a given transaction. Given the nature of the relevant conflicts there can be no assurance that any such conflict can be resolved in a manner that is beneficial to both Funds. In that regard, actions may be taken for one or more Funds that adversely affect other Funds.

Subject to any relevant restrictions or other limitations contained in the Partnership Agreements of the Funds, the General Partners will allocate fees and expenses in a manner that they believe in good faith is fair and equitable to the applicable Funds under the circumstances and

considering such factors as they deem relevant, but in their sole discretion. In exercising such discretion, the General Partners may be faced with a variety of potential conflicts of interest.

As a general matter, Fund expenses typically will be allocated among all relevant Funds or co-invest vehicles eligible to reimburse expenses of that kind. In all such cases, subject to applicable legal, contractual or similar restrictions, expense allocation decisions will generally be made by the General Partners or their affiliates using their best judgment, considering such factors as they deem relevant, but in their sole discretion. The allocations of such expenses may not be proportional, and any such determinations involve inherent matters of discretion, *e.g.*, in determining whether to allocate *pro rata* based on number of Funds or co-invest vehicles receiving related benefits or proportionately in accordance with asset size or, in certain circumstances, determining whether a particular expense has greater benefit to a Fund or the Adviser. The Funds have different expense reimbursement terms, including with respect to Management Fee offsets, which may result in the Funds bearing different levels of expenses with respect to the same investment.

As a result of the Funds' controlling interests in portfolio companies, the applicable General Partner's board and/or its affiliates typically have the right to appoint portfolio company board members (including current or former Adviser personnel or persons serving at their request), or to influence their appointment, and to determine or influence a determination of their compensation. From time to time, portfolio company board members may approve compensation and/or other amounts payable to the Adviser and/or its affiliates; however, to date, no such compensation or other reimbursement amounts have been approved. Unless such amounts are subject to the Partnership Agreements' offset provisions, they will be in addition to any Management Fees or carried interest paid by a Fund to the Adviser.

Additionally, a portfolio company will typically reimburse the Adviser or service providers retained at the Adviser's discretion for expenses (including without limitation travel expenses) incurred by the Adviser or such service providers in connection with its performance of services for such portfolio company. This subjects the Adviser and its affiliates to conflicts of interest because the Funds generally do not have an interest or share in these reimbursements, and the amount of such reimbursements over time may be substantial. The Adviser determines the amount of these reimbursements for such services in its own discretion, subject to its internal reimbursement policies and practices. Although the amount of individual reimbursements typically is not disclosed to investors in any Fund, any fee paid or expense reimbursed to the Adviser or such service providers generally is subject to engagement letters with service providers and the relevant Fund and in the case of the Adviser, any such reimbursement requires submission of receipts by the Adviser or its personnel. These factors help to mitigate related conflicts of interest.

The Adviser and/or the General Partner may exercise their discretion to recommend to the applicable Fund or to a portfolio company thereof that the portfolio company enters into a contract for services with (i) the Adviser, General Partner or a related person thereof (which may include another portfolio company of such Fund or another Fund), (ii) an entity with which the Adviser, the General Partner or their affiliates or current or former members of their personnel has a relationship or from which the Adviser, General Partner or their affiliates or their personnel

otherwise derives financial or other benefit or (iii) certain limited partners or their affiliates. For example, the General Partner may be presented with opportunities to receive financing and/or other services in connection with a Fund's investments from certain limited partners or their affiliates that are engaged in lending or related business. This discretion subjects the General Partner to conflicts of interest, because although the General Partner selects service providers that it believes are aligned with its operational strategies and will enhance portfolio company performance and, relatedly, returns of the relevant Fund, the General Partner may have an incentive to recommend the related or other person (including a limited partner) because of its financial or other business interest. There is a possibility that the General Partner, because of such belief or for other reasons (including whether the use of such persons could establish, recognize, strengthen and/or cultivate relationships that have the potential to provide longer-term benefits to the relevant Funds or the General Partner), may favour such retention or continuation even if a better price and/or quality of service could be obtained from another person. Whether or not the General Partner has a relationship or receives financial or other benefit from recommending a particular service provider, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

The Adviser and/or its affiliates may also, from time to time, employ personnel with pre-existing ownership interests in portfolio companies owned by the Funds or other investment vehicles advised by the Adviser and/or its affiliates; conversely, current or former personnel or executives of the Adviser and/or its affiliates may serve in significant management roles at portfolio companies or service providers recommended by the Adviser. Similarly, the Adviser, its affiliates and/or personnel maintain relationships with (or may invest in) financial institutions, service providers and other market participants, including but not limited to managers of private funds, banks, brokers, advisors, consultants, finders (including executive finders and portfolio company finders), executives, attorneys, accountants, institutional investors, family offices, lenders, current and former employees, and current and former portfolio company executives, as well as certain family members or close contacts of these persons. Certain of these persons or entities will invest (or will be affiliated with an investor) in, engage in transactions with and/or provide services (including services at reduced rates) to, the Adviser and/or its affiliates, and/or the Funds or other investment vehicles they advise. The Adviser may have a conflict of interest with a Fund in recommending the retention or continuation of a third-party service provider to such Fund or a portfolio company if such recommendation, for example, is motivated by a belief that the service provider or its affiliate(s) will continue to invest in one or more Funds, will provide the Adviser information about markets and industries in which the Adviser operates (or is contemplating operations) or will provide other services that are beneficial to the Adviser. The Adviser may have a conflict of interest in making such recommendations, in that the Adviser has an incentive to maintain goodwill between it and the existing and prospective portfolio companies for a Fund, while the products or services recommended may not necessarily be the best available to the portfolio companies held by a Fund.

The Adviser, its affiliates, and equity holders, officers, principals and employees of the Adviser and its affiliates may buy or sell securities or other instruments that the Adviser has recommended to a Fund. The investment policies, fee arrangements and other circumstances of these investments generally vary from those of any Fund. Employees and related persons of the

Adviser have, and are expected to continue to have, capital investments in or alongside certain Funds, or in prospective portfolio companies, directly or indirectly (including through funds sponsored by other private fund managers), and therefore may have additional conflicting interests in connection with these investments.

Because certain expenses are paid for by a Fund and/or its portfolio companies or, if incurred by the Adviser, are reimbursed by a Fund and/or its portfolio companies, the Adviser will not necessarily seek out the lowest cost options when incurring (or causing a Fund or its portfolio companies to incur) such expenses.

The General Partner and/or its affiliates may enter into Side Letters with certain investors in a Fund providing such investors with different or preferential rights or terms, including but not limited to different fee structures, information rights, co-investment rights, and liquidity or transfer rights.

In borrowing on behalf of a Fund, the Adviser is subject to conflicts of interest between repaying its obligations and retaining such borrowed amounts for the benefit of the Fund, and in circumstances where interest accrues on any such outstanding borrowings at a rate lower than the relevant Fund's preferred return, is expected to have incentives to cause the Fund to borrow in this manner rather than drawing down capital commitments. Where a preferred return begins to accrue after capital contributions are due (regardless of when the Fund borrows, makes the relevant investment, or pays expenses) and ceases to accrue upon return of these capital contributions, the use of borrowing to shorten the period between calling and returning capital limits the amount of time the preferred return will accrue. In circumstances where there is not a preferred return on funds borrowed in advance or in lieu of calling capital, Fund-level borrowing typically will reduce the amount of preferred return to which the limited partners would otherwise be entitled had the General Partner called capital, and thus could result in the relevant General Partner receiving carried interest sooner than it would without borrowing. In addition, when the Management Fee is calculated as a percentage of invested capital, a limited partner may pay Management Fees on borrowed amounts used to fund investments that have not yet been realized even though such amounts would not accrue preferred return as described above. It is expected that the costs relating to the establishment and/or maintenance of a subscription line of credit will be significant, and there can be no assurance that the benefits to limited partners will be commensurate with such costs.

Any of these situations subjects the Adviser and/or its affiliates to potential conflicts of interest. The Adviser attempts to resolve such conflicts of interest in light of its obligations to investors in its Funds and the obligations owed by the Adviser's advisory affiliates to investors in investment vehicles managed by them, and attempts to allocate investment opportunities among a Fund, other Funds and such investment vehicles in a fair and equitable manner. To the extent that an investment or relationship raises particular conflicts of interest, the Adviser will review the circumstances of such investment or relationship with a view to addressing and reducing the potential for conflict. Where necessary, the General Partner consults and receives consent to conflicts from an advisory committee consisting of limited partners of the relevant Fund(s) and such other investment vehicles.

ITEM 9: DISCIPLINARY INFORMATION

The Adviser and its management persons have not been subject to any material legal or disciplinary events required to be discussed in this Brochure.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

The Adviser is affiliated with the Sub-Adviser, as well as other Basalt entities which are deemed to be investment advisers registered with the SEC under the Advisers Act pursuant to Basalt Infrastructure Partner's registration in accordance with SEC guidance. These entities operate as a single advisory business together with Basalt Infrastructure Partners and, collectively, serve as managers and/or general partners of Funds and other pooled vehicles and generally share common owners, officers, partners, employees, consultants or persons occupying similar positions.

The Sub-Adviser, maintains a separate registration as an investment adviser with the SEC. The Sub-Adviser is a Delaware limited liability company, which is wholly-owned by the Adviser. The Sub-Adviser has entered into a sub-advisory agreement with the Adviser, pursuant to which the Sub-Adviser will provide investment advisory services to the Adviser in respect of U.S. and Canadian investment opportunities suitable for the Funds.

ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

The Adviser has adopted a Code of Ethics (the “**Code**”) pursuant to Advisers Act Rule 204A-1 that sets forth the ethical standards governing its business conduct and that of persons associated with the Adviser and Sub-Adviser. The Code describes policies regarding confidential client information and regulates personal trading activity, including requiring pre-approval of certain personal securities transactions. Securities holdings and transactions of the Adviser’s and Sub-Adviser’s members and employees (“**Access Persons**”) and their immediate family members are periodically reported and reviewed to determine compliance with the requirements of the Code. The Code also contains other restrictions and reporting requirements designed to mitigate personal conflicts of interest. These provisions apply to all members and employees of the Adviser and Sub-Adviser. All personnel are also required to comply with applicable federal securities laws and report violations of the Code. Personal securities transactions are required to be conducted in a manner that prioritizes the Fund’s interests in eligible investments.

A copy of the Code will be provided to any investor or prospective investor upon request using the contact information on the cover page of this Brochure.

The Adviser and its affiliated persons may come into possession, from time to time, of material non-public or other confidential information about public companies which, if disclosed, might affect an investor’s decision to buy, sell or hold a security. Under applicable law, the Adviser and its affiliated persons would be prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any person, regardless of whether such person is a client of the Adviser.

Accordingly, should the Adviser or any of its affiliated persons come into possession of material non-public or other confidential information with respect to public and non-public company, the Adviser generally would be prohibited from communicating such information to clients, and the Adviser will have no responsibility or liability for failing to disclose such information to clients as a result of following their policies and procedures designed to comply with applicable law. Similar restrictions may be applicable as a result of Basalt personnel serving as directors of public companies and may restrict trading on behalf of a Fund.

Principals and employees of the Adviser and its affiliates may directly or indirectly own an interest in one or more Funds, including certain co-invest vehicles. To the extent that co-invest vehicles exist, such vehicles may invest in one or more of the same portfolio companies as a Fund. Co-invest opportunities may also be presented to certain affiliates of the Advisers, as well as third party investors and other persons, and such co-investments may be effected through co-invest vehicles or directly in a particular portfolio company. Such co-investment opportunities generally will be allocated in the manner described under “Methods of Analysis, Investment Strategies and Risk of Loss.”

The Adviser and its affiliates, principals and employees may carry on investment activities for their own account and for family members, friends or others who do not invest in a Fund, and

may give advice and recommend securities to vehicles which may differ from advice given to, or securities recommended or bought for, any Fund, even though their investment objectives may be the same or similar. The operative documents and investment programs of certain Funds may restrict, limit or prohibit, in whole or subject to certain procedural requirements, investments of certain other vehicles in issuers held by such Funds or may give priority with respect to investments to such Funds. Some of these restrictions could be waived by investors (or their representatives) in such Funds.

ITEM 12: BROKERAGE PRACTICES

The Adviser focuses on securities transactions of private companies and generally purchases and sells such companies through privately-negotiated transactions in which the services of a broker-dealer may be retained. However, the Adviser may also distribute securities to investors in a Fund or sell such securities, including through using a broker-dealer, if a public trading market exists. Although the Adviser does not intend to regularly engage in public securities transactions, to the extent it does so, it follows the brokerage practices described below.

If the Adviser sells publicly traded securities for a Fund, it is responsible for directing orders to broker-dealers to effect securities transactions for accounts managed by the Adviser. In such event, the Adviser will seek to select brokers on the basis of best price and execution capability.

The Adviser has no duty or obligation to seek in advance competitive bidding for the most favourable commission rate applicable to any particular client transaction or to select any broker on the basis of its purported or “posted” commission rate, but will endeavour to be aware of the current level of the charges of eligible brokers and to reduce the expenses incurred for effecting client transactions to the extent consistent with the interests of such clients. Although the Adviser generally seeks competitive commission rates, it may not necessarily pay the lowest commission or commission equivalent. Transactions may involve specialized services on the part of the broker involved and thereby entail higher commissions or their equivalents than would be the case with other transactions requiring more routine services.

Consistent with the Adviser seeking to obtain best execution, brokerage commissions on Fund transactions may be directed to brokers in recognition of research furnished by them, although the Adviser generally does not make use of such services at the current time and has not made use of such services since its inception.

ITEM 13: REVIEW OF ACCOUNTS

The Adviser has assigned a dedicated asset manager to each portfolio investment. Working with the portfolio company's management, the asset manager will set annual performance targets that are consistent with the short- and medium-term strategy of the investment case. Progress will be monitored objectively through detailed monthly reporting to track the operational and financial performance of the investment and provide for early identification of asset performance issues.

Each Fund generally will deliver to limited partners: (i) annual audited financial statements and (ii) unaudited financial statements for the first three quarters of each fiscal year.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

The Adviser and/or its affiliates may provide certain business or consulting services to companies in a Fund's portfolio and may receive compensation from these companies in connection with such services. As described in the applicable Partnership Agreement, this compensation may, in many cases, offset a portion of the Management Fees paid by such Fund. However, in other cases (*e.g.*, reimbursements for out of pocket expenses directly related to a portfolio company), these fees may be in addition to Management Fees. *See* "Fees and Compensation."

Each General Partner may enter into written solicitation arrangements in accordance with applicable law in the future with third parties. Under a solicitation arrangement, the relevant General Partner may pay a referral fee to a third party when it successfully introduces the General Partner to a Fund investor. The amount of compensation is expected to be based on a negotiated percentage of the capital committed as the result of successful introductions by the third party. The solicitation arrangement will not affect the amount of fees paid by a Fund investor.

ITEM 15: CUSTODY

Where the Adviser is deemed to have custody of Fund assets, the Adviser maintains custody of assets held in the name of such Funds with the following qualified custodian(s):

- The Royal Bank of Scotland International Limited located in St Peter Port, Guernsey.

Investors should carefully review the statements they receive from the custodian and compare them to any statements regarding their accounts that may be provided by the Adviser.

ITEM 16: INVESTMENT DISCRETION

The Adviser provides its advice on a non-discretionary basis to the General Partner of a Fund, whose board of directors makes the investment decision on the Fund's behalf. Each General Partner will typically be a wholly-owned subsidiary of the Adviser. Each General Partner's board will typically consist of representatives of the Adviser and directors independent of the Adviser. Each Fund will be asked to agree to the terms of the foregoing arrangements as set forth in the documentation governing the client relationship. Investment objectives, strategies and restrictions will be reflected in the operational documents for each Fund. The Adviser's provision of non-discretionary advisory services in relation to the Funds will typically not be tailored to meet the individualized investment needs of any single Fund investor.

Pursuant to the terms of the Partnership Agreement, the General Partner and/or its affiliates may enter into Side Letters with certain limited partners whereby the terms applicable to such limited partner's investment in a Fund may be altered or varied, including, in some cases, the right to opt-out of certain investments for legal, tax, regulatory or other similar reasons.

ITEM 17: VOTING CLIENT SECURITIES

The Funds primarily invest in private companies and such companies frequently do not have traditional shareholder voting rights which are generally exercised through proxies. However, each General Partner will generally have the opportunity to have a significant influence over portfolio company actions through its role as a representative of the applicable Fund that is expected to be a significant or controlling shareholder in such portfolio company. Therefore, whether exercising rights through traditional proxy votes, or through less conventional methods as an equity holder in a closely held corporation, the Adviser and the General Partners adhere to their fiduciary duty to take actions, including through votes, in a manner that they determine to be in the best interest of their clients, the Funds. The Adviser's fiduciary obligations are deemed to control, even in situations where there may be material conflicts of interest between the interests of the portfolio company (and hence the Fund), on the one hand, and the Adviser or General Partner on the other. However, the Adviser believes conflicts of interest should generally be minimized as it believes its interests are aligned with those of each Fund's investors, for example, through the principals' beneficial ownership interests in such Fund and therefore will not seek investor approval or direction when voting proxies or otherwise influencing portfolio company board action. The Adviser monitors for any potential conflict of interest that might exist between management's recommendation and client interests, and in the event such a conflict might arise, the Adviser intends to recommend that a proxy be voted in the manner which in its judgment and sole discretion is in the Fund's best interests. Additionally, a Fund's advisory board may approve the Adviser's vote in a particular solicitation.

Because each Fund is expected to be represented on each of its portfolio companies' boards, it is anticipated that any shareholder proxies will be voted in accordance with management's recommendation. The Adviser does not consider service on portfolio company boards by the Adviser personnel or the Adviser's receipt of management or other fees from portfolio companies to create a material conflict of interest in voting proxies with respect to such companies.

To the extent that the Adviser has voted proxies for particular portfolio companies, a record of such votes is available upon request using the contact information on the cover page of this Brochure.

ITEM 18: FINANCIAL INFORMATION OF THE ADVISER

The Adviser does not require prepayment of management fees more than six months in advance or have any other events requiring disclosure under this item of the Brochure.