

**PART 2A OF FORM ADV**

**FIRM BROCHURE**

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**This Firm Brochure (this “Brochure”) provides information about the qualifications and business practices of Folium Capital LP. If you have any questions about the contents of this Brochure, please contact our Chief Compliance Officer at 617-307-6501. 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. References in this Brochure to the adviser as a “registered investment adviser” are not intended to imply a certain level of skill or training.**

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

Item 2 – Material Changes

Folium filed its last update to this Brochure on March 29, 2018. Since the last update, there have been no material changes to this Brochure. However, Folium has made certain clarifying revisions as part of its annual update of this Brochure. Please see Item 4 for more information.

**PLEASE REVIEW THIS BROCHURE CAREFULLY AND IN ITS ENTIRETY.**

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#### **Item 4 – Advisory Business**

Folium Capital LP (“Folium” or the “Firm”) is a Delaware limited partnership that was formed in June 2016. Folium specializes in investments in regenerative natural resources: land assets and related industrial assets that generate long-term, sustainable agricultural and timber value.

Folium is equally-owned and controlled by Alvaro Aguirre, Andrew Wiltshire, and Oliver Grantham (together, the “Principals”).

Folium provides discretionary investment advisory services to private funds (each, a “Fund” or “Partnership”). Folium provides day-to-day management and advisory services to such Funds or to the general partner of such Funds, including, but not limited to, Folium Agriculture I GP, LP and Folium Timber I GP, LP (collectively referred to as the “General Partner”). The General Partner of each Fund has complete discretion and exclusive responsibility and authority for all investment making decision of such Fund. A Fund’s investment objectives and/or parameters are set forth in that Fund’s organizational documents, offering documents and/or other governing documents, (together with any applicable side letters, the “Fund Documents”) provided to each investor in the Fund (each, an “Investor”). Folium tailors the advisory services for a Fund based on that Fund’s investment objective and investment strategy, including guidelines regarding the types of investments the Fund will make and portfolio limits (if any). Folium does not tailor its advisory services to the individual needs of Investors, and Investors may not impose restrictions on investing in certain securities or types of investments.

Folium or its affiliates may, in its discretion, form one or more co-investment entities (each, a “Co-investment Entity”) to invest alongside the Funds in one or more assets. Folium or its affiliates may offer one or more Investors or third parties the opportunity to co-invest with the Funds through any such Co-investment Entity.

Folium does not participate in wrap fee programs.

As of December 31, 2018, Folium manages \$650,886,218 in regulatory assets under management on a discretionary basis.

#### **Item 5 – Fees and Compensation**

Folium is compensated through asset-based and commitment-based Management Fees and performance-based Carried Interest.

##### **Management Fees**

An annual management fee will be payable on a quarterly basis in advance by a Partnership to Folium (the “Management Fee”). Management fees are paid directly by the Funds under the terms of their limited partnership agreements, investment advisory agreements or other similar agreements. Investors do not have the ability to choose to be billed directly for fees incurred. Management Fees payable to Folium may be reduced or waived on a case-by-case basis in the sole discretion of Folium or an affiliate thereof. After the investment period of the Funds, Management Fees are based on total capital contributions plus any uncalled capital commitments allocated or reserved for investments then held by the Funds (with certain adjustments for investments that are disposed of or written off on the Fund’s books). Please refer to the Fund Documents for a detailed fee schedule. Each Investor will bear its respective share of the Management Fee, as determined based upon the timing of its commitments to a Fund.

If an advisory contract with a Fund is terminated before the end of any quarterly billing period, Folium will refund to the relevant Fund the amount of the Management Fees pro-rated from the date of termination to the end of the period the advance fee covered. Folium will then refund such amount to its Investors based on the amount of Management Fees paid by the Investors.

Co-Investment Entities may be charged management fees, performance-based compensation or administrative fees. Whether or not any fees or other compensation are paid by a Co-Investment Entity, and the amount and payment terms, depends on the circumstances of the investment made by the Co-Investment Entity and is negotiated with investors in the Co-Investment Entity at the Co-Investment Entity's inception. The Funds may acquire interests in certain portfolio companies in cooperation with others through co-investment arrangements.

### Expenses

In addition to Management Fees and Carried Interest, if any, each Fund will bear all costs and operating expenses of the Fund, subject to certain investment management fee offsets, as detailed in the relevant Fund Documents, including, without limitation, i) forming and operating subsidiaries; (ii) the investigation investigating, evaluating, developing, negotiating and structuring of investment opportunities and disposition of investments, whether or not consummated, whether incurred before or after the formation of the Funds, and whether or not the Fund seeks co-investors for the opportunity or opportunities, including Sponsor Affiliates (as defined in the relevant Fund Documents) and others that may plan to compensate Sponsor Affiliates if they co-invest with the Fund and may plan to contribute to such out-of-pocket costs and expenses if they co-invest but not otherwise; (iii) the acquisition, ownership, rehabilitation, development, management, financing, hedging of interest rates on financings, or sale of investments; (iv) fees paid to in-country (including performance-based or incentive compensation) paid to property managers to manage and administer the day-to-day operations of the Timber or Agriculture Investments, or to any other service provider with respect to any asset of the Fund or any subsidiary; (v) meetings with or reporting to investors in the limited partners in Fund entities, (vi) including, but not limited to, all financial reporting; (vi) tax advisors, accounting, auditing, research, consulting, tax return preparation, financial reporting, and legal services and other professionals; (vii) meetings of or reporting to the Advisory Committee, and other reimbursable expenses, risk management services and insurance, including without limitation to protect Fund entities, the General Partner, Sponsor Affiliates, any Advisory Committee, and investors in Fund entities in connection with the performance of activities related to Fund entities; (ix) the Fund's indemnification of the any indemnified parties pursuant to any advisory agreement; (x) litigation; (xi) all expenses related to borrowings of Fund entities, including, but not limited to, the arranging thereof; (xii) liquidating Fund entities, (xiii) any taxes, fees or other governmental charges levied against Fund entities and all expenses incurred in connection with any tax audit, investigation, settlement or review of Fund entities, (xiv) travel costs associated with investigating and evaluating investment opportunities (whether or not consummated) or making, monitoring, managing or disposing of investments, (which includes travel expenses for business class travel and the use of private propeller aircraft to visit timber or agriculture investments in remote locations, and is generally subject to a travel expense cap as detailed in the Fund Documents); and (xv) the costs of any third parties and any Sponsor Affiliates retained to provide services to Fund entities. Subject to any expense cap in the Fund Documents, each Fund will bear all of the expenses incurred in the formation of, and the offer and sale of Interests in, the Fund and its General Partner.

Folium will be responsible for all of its normal overhead expenses, such as compensation of its professional staff and the cost of office space, office equipment, communications, and utilities, incurred in connection with its services on behalf of the Partnership, unless such overhead or

compensation expenses (“employee chargebacks”) are payable by the applicable Partnership under the Fund Documents.

Neither Folium nor the General Partner, or any of their supervised persons, accepts compensation for the sale of securities or other investment products. Please refer to Item 12 of this Brochure for a description of Folium’s brokerage practices.

Folium and its personnel can be expected to receive certain intangible and/or other benefits and/or perquisites arising or resulting from their activities on behalf of the Folium Funds that will neither be subject to an offset against any management fees payable to the Folium Funds nor will otherwise be shared with the Folium Funds and/or portfolio companies. For example, airline travel or hotel stays incurred as Folium Fund or account expenses typically result in cash rebates, “miles,” “points” or credit in loyalty/status programs, and such benefits and/or amounts will, whether or not de minimis or difficult to value, inure exclusively to Folium and/or such personnel (and not the Folium Funds and/or portfolio companies) even though the cost of the underlying service is borne by the Folium Funds and/or portfolio companies.

**Investors and prospective Investors should refer to the applicable Fund Documents for a complete description of fees, carried interest distributions and expenses borne by the Fund. The information contained herein is a summary only.**

#### **Item 6 – Performance-Based Fees and Side-by-Side Management**

Subject to a preferred return, compounded annually for the benefit of the Investors, an affiliate of Folium is generally entitled to carried interest (the “Carried Interest”) with respect to profits generated by a Fund’s investments, as set forth in each Fund’s Fund Documents. The Carried Interest may be deferred, waived or reduced at the discretion of Folium and its affiliates. Folium or an affiliate may receive performance-based compensation with respect to Co-Investment Entities. Such performance-based compensation is negotiated with investors in the Co-Investment Entity at the Co-Investment Entity’s inception.

Such performance-based allocations to the General Partner may create an incentive for Folium to make investments that are riskier or more speculative than we would make in the absence of such arrangements, and to make different decisions regarding the timing and manner of realization of those investments. Performance-based compensation may also create an incentive to allocate attractive investments to Funds that charge a performance-based fee over Funds or Co-investment Entities not subject to a performance-based fee or subject to a lower rate.

To mitigate this conflict Folium has adopted allocation policies and procedures that are designed to help ensure that investment (and divestment) opportunities among the Funds are made on a fair and equitable basis, taking into account the client’s investment objectives (these policies and procedures are described in more detail in Item 11), and that financial incentives do not improperly influence the allocation of investment (and divestment) opportunities. In addition, Folium regularly monitors the Fund’s portfolio as described in Item 13 of this Brochure, in order to help ensure that the Fund’s investments are consistent with the Fund’s investment guidelines and risk management policies. In addition, it is intended that affiliates of Folium will invest a substantial amount of capital in each Fund, thus aligning, to some extent, the interests of Folium with the interests of the Investors in the Fund. Further, the Fund Documents provide Investors and potential Investors with extensive disclosure regarding the potential risks relating to an investment in the Fund, including material conflicts of interest.

Folium also charges asset-based management fees as described in Item 5 above.

**Complete fee disclosures, as well as descriptions of related potential conflicts of interest, are provided in the Fund Documents. Investors and prospective Investors should review such disclosures carefully.**

### **Item 7 – Types of Clients**

Folium provides investment advisory services to the Funds, which are generally organized as limited partnerships. Each Fund is generally a pooled investment vehicle operating as a private investment fund. The Funds offer interests only to certain qualified investors who meet qualification requirements under applicable securities laws and other laws. Admission to the Funds is not open to the general public.

Each Fund typically requires a minimum capital commitment by an Investor. However, this requirement may be waived or reduced by the General Partner in its sole discretion.

As described in Item 4, Folium or its affiliates may, in their discretion, form one of more co-investment entities (“Co-investment Entities”) to invest alongside the Funds in one or more assets. Folium or its affiliates may offer one or more Investors or third parties the opportunity to co-invest with the Funds through any such Co-investment Entity.

As used herein, the term “client” generally refers to each Fund.

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

#### **Investment Strategy**

Folium provides discretionary investment advisory services to the Funds. Investment objectives and/or parameters are set forth in the Fund Documents provided to each Investor. Folium specializes in investments in regenerative natural resources: land assets and related industrial assets that generate long-term, sustainable agricultural and timber value. Folium intends to invest in regenerative natural resource assets that are growing, or are capable of growing, products with long-term demand support that are underinvested, overlooked, or mispriced. In addition to land assets, Folium intends to invest in related industrial assets, including renewable energy generation assets. Folium anticipates investing in such industrial assets only when they add significant value to related land assets.

The investment process starts with a top-down global view of timberland, agricultural and water assets and narrows the analysis to specific countries where the global view indicates potential mispricing on a risk-adjusted basis. The top-down approach is then contrasted against the local land and water market reality of the target regions within a selected country (the bottom-up analysis). The local opportunity-set is explored by one or more local operators to adjust the investment models to fit the local situation and to recalibrate the risk/return levels of a very specific acquisition opportunity. During this process, we sometimes generate new investment themes that are then brought to the top-down global supply and demand view.

#### **Material Risks**

Investors in a Fund should be aware that all investments in securities involve a risk of loss that they should be prepared to bear. Investments in the strategies employed by Folium involve a risk of loss that Investors should be prepared to bear. There can be no assurance that a Partnership’s investment objectives will be achieved. Investments in the strategies employed by Folium involve a risk of loss

that Investors should be prepared to bear. There can be no assurance that a Partnership's investment objectives will be achieved.

## GENERAL INVESTMENT RISKS

### ***Limited Operating History; Past Performance; Reliance on Key Personnel***

Each of the Manager and the General Partner has a limited operating history. Past performance of the Manager, the General Partner or their affiliates, employees or representatives or any other person is not indicative of future results of the Funds) and no assurance can be given that the investment objectives of the Funds will be achieved or that investors in the Funds will receive a return of any of their respective investments. The Funds, the General Partner and Folium expect to rely heavily on the experience of the Principals and should any of them become incapacitated or in some way cease to participate in the Partnership, the performance of the Funds could be adversely affected.

### ***Risk of Loss of Capital***

The performance of assets in which a Partnership invests, and therefore the value of such Partnership, will be subject to many factors over which the Partnership may have limited or no control. The possibility of loss of capital, including the complete loss of capital, will exist, and prospective investors should not subscribe for limited partner interest in the Partnership unless they can bear the consequences of such loss.

### ***Co-investments***

The Funds may make investments in cooperation with others through co-investment arrangements. A Partnership's ability to exercise significant influence over management in these cooperative efforts will depend upon the nature of the co-investment arrangement. Such investments may, under certain circumstances, involve risks not otherwise present, including the possibility that a Partnership's co-investor may not be able to satisfy its financial obligations, that such co-investor might at any time have economic or business interests or goals that are inconsistent with those of the Partnership, and that such co-investor may be in a position to take action contrary to the instructions or requests of the Partnership or contrary to the Partnership's policies or objectives. In addition, such arrangements are likely to involve additional restrictions on the resale of a Partnership's investment.

### ***Management and Operational Risk***

The Funds rely on Folium's ability to achieve their respective investment objectives. The Funds run the risk that Folium's investment techniques will fail to produce the desired results and as a result, the Funds may incur significant losses. The Funds also run the risk that Folium's assessment of an investment or its risks may be wrong. There also can be no assurance that all of Folium's key personnel will continue to be associated with Folium for any length of time. The loss of their services could have an adverse impact on a Fund's ability to achieve its investment objective. The Funds also are subject to the risk of loss and impairment of operations as a result of Folium's and other service providers' provision of investment management, property management, administrative, accounting, tax, legal, pricing and other services to the strategy. Folium and other service providers are susceptible to cyberattacks and technological malfunctions that may have effects that are similar to those of a cyberattack, which, in each case, may have an adverse effect on the strategy. The Funds will engage third-party timberland and agricultural managers to implement strategies and perform certain other functions with respect to investments. The Funds



run the risk that Folium's proprietary investment techniques and risk analyses will fail to produce the desired results and that deficiencies in Folium's and/or a third-party service provider's implementation of operational strategies will cause losses for the Funds or hinder strategy or operations.

### ***General Economic and Market Conditions***

The Funds will be subject to various risks incidental to investing, including political and economic instability. A Partnership's investments may be sensitive to general downward swings in the overall economy or in their specific industries or geographies. Factors affecting economic conditions, including, for example, public market volatility, inflation rates, rising interest rates, currency devaluation, exchange rate fluctuations, industry conditions, competition, technological developments, domestic and worldwide political, military and diplomatic events and trends and innumerable other factors, none of which will be in the control of the Partnership, Folium or the General Partner, can substantially and adversely affect the business and prospects of the Partnership and/or the assets in which it has invested. Sudden or significant changes in the supply or prices of commodities or other economic inputs (*e.g.*, the marked decline in oil prices in late 2014) may have material and unexpected effects on both global securities markets and individual countries, regions, sectors, companies, or industries, which could significantly reduce the value of a strategy's investments. Further, downturns in the U.S. or global economy may have an adverse impact on some or all of a Partnership's investments.

### ***Lack of Liquidity; Long-Term Investment***

Interests in the Funds are not registered under the U.S. Securities Act of 1933, as amended, or any state securities laws and are not transferable unless registered under applicable federal and state securities laws (or an exemption from such laws is available), and subject to other transfer restrictions in the applicable Fund Documents. As such, no public market currently exists for the interests in the Funds and none is likely to develop in the future. In addition, because the Funds will make direct investments in timberland and agricultural properties (rather than in publicly traded securities) their investments are illiquid and long-term. As a result, even if such investments are successful, they may not be able to be liquidated in a timely manner, and they may not produce a realized return to clients for a period of several years. In addition, given the anticipated longer holding period for investments, there is the possibility of unforeseen changes in various factors over such time period, including taxes and investment limitations, which could have an adverse effect on the investments. Water efficiency and land conversion investments take more time to materialize and are relatively more illiquid than other agricultural investments and developed timberlands as the timing and amount of cash flows are still highly uncertain. Greenfield investments in permanent plantings and timber plantations may be more difficult to sell prior to reaching crop production or timber harvest. Illiquidity in the credit markets could cause the price of investments held by a Partnership or its competitors to decline, which may have the result of forcing such Partnership or its competitors to sell assets to reduce leverage, satisfy requirements under its borrowing arrangements or to meet margin calls, all of which could, in turn, create further downward price pressure.

### ***Currency Risk***

Fluctuations in exchange rates may adversely affect the value of the Funds' investments. A Partnership's investments will generally be subject to exposure to currency fluctuations in the countries in which the investments are located, and such Partnership may or may not engage in currency hedging operations. Volatility in international exchange rates can affect pricing and the profit margin on sales and global export demand for products produced by a Partnership's

investment. In addition, foreign currencies received with respect to foreign investments may not be freely convertible into a Partnership's base currency and it may not be possible to fully repatriate out of the various foreign countries. Further, to the extent the Partnership's base currency is different than that of an Investor, the Investor will need to convert its local currency into the Partnership's base currency in order to make contributions and convert distributions from the Partnership back to its local currency. As a result, exchange rate fluctuations could adversely affect the rate of return of investments both at the Partnership and Investor level. Finally, the Partnership may encounter difficulty in competing for investments to the extent that valuations in the Partnership's base currency are behind local and/or other foreign currency capital competing for such deals.

### ***Focused Investment Risk- Lack of Diversification***

Strategies that focus investments in a limited number of countries, regions, sectors, companies, indices or in industries that are subject to the same or similar risk factors or make investments whose prices are strongly correlated to one another are subject in general to greater overall risk than strategies with investments that are more diversified and/or more loosely correlated. This risk is particularly pronounced for a strategy that is exposed to a relatively small number of geographic regions, assets and crops or timber types because the strategy is particularly exposed to adverse developments affecting those. Additionally, it is possible that one or more investments could be substantial in size relative to the aggregate of the committed capital. As such, a Partnership's investments may not be broadly diversified. Any such non-diversification would increase the risk of loss if there was a decline in the market value of any investment or investments representing a large percentage of assets.

### ***Non-U.S. Investment Risk- Political, Legal and Economic Risk***

Investment properties may be located outside the U.S. While such non-U.S. investments may be located in other developed countries, investments may also be located in developing countries. Investments in developing countries involve certain risks incidental to investing in and/or managing businesses in such jurisdictions. These include risks associated with political and economic developments and instability, including negative publicity focused on foreign investment in local land markets (particularly relative to agricultural investments), nationalization, expropriation or confiscatory taxation, higher operating expenses, exchange controls, currency fluctuations, foreign withholding and other taxes which may reduce investment returns, restrictions on repatriation of both investment income and capital (including in some cases the need for governmental consents), foreign trade restrictions, and the fact that companies in such jurisdictions are not generally subject to uniform accounting, auditing and financial reporting standards or to other regulatory practices and requirements comparable to those applicable to companies in developed countries. Transaction costs for investments in developing countries may also be generally higher than comparable investments in the U.S. and other developed countries. In addition, in many developing countries, legal systems may not be as robust as those in developed countries, and as a result, the Funds may not receive the benefits of negotiated contractual provisions and establishment of legal title to real property may be imperfect, with title insurance not readily available.

### ***Derivative Transactions***

Each Partnership may use derivatives in an effort to hedge various market risks or to manage exposure to various markets. These strategies impose certain costs on the Partnership and involve certain risks, such as the possible default of the other party to the transaction, the lack of liquidity, the imperfect nature of the hedge or the ineffectiveness of the strategy in a particular situation, and the possible accentuation of losses or reductions in gains of the underlying assets.

### ***Specialized investment management***

All derivative instruments, including options and swap contracts, involve risks different from, and, in certain cases, greater than the risks presented by more traditional investments. Accordingly, derivative products require specialized investment techniques and risk analyses that are different from those associated with land assets. The use of a derivative requires an understanding not only of the underlying instrument but also of the derivative itself. In particular, the use and complexity of derivatives require the maintenance of adequate controls to monitor the transactions entered into, and the ability to assess the risk that a derivative adds to a Partnership's portfolio. The performance of the derivative may not be knowable in advance under all possible market conditions.

### ***Counterparty default***

A Partnership may sustain a loss as a result of the failure of another party to a derivative (usually referred to as a "counterparty") to comply with the terms of the derivative contract. Such "counterparty risk" is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where a Partnership has concentrated its transactions with a single or small group of counterparties. The Funds are not restricted from dealing with any particular counterparty or from concentrating any or all transactions with one counterparty.

### ***Disproportionate losses***

Since many derivatives have a leverage component, adverse changes in the value or level of the underlying asset, rate or index usually will result in a loss substantially greater than the amount invested in the derivative itself. In the case of swaps, the risk of loss generally is related to a notional principal amount, even if the parties have not made any initial investment. Certain derivatives have the potential for unlimited loss, regardless of the size of the initial investment.

### ***Other risks***

Other risks in using derivatives include the risk of mispricing or improper valuation of derivatives and the inability of derivatives to correlate perfectly with underlying assets, rates and indices. Many derivatives, in particular privately negotiated derivatives, are complex and sometimes valued subjectively. Improper valuations can result in increased cash payment requirements to counterparties or a loss of value to a Partnership. Consequently, a Partnership's use of derivatives may not always be an effective means of, and sometimes could be counterproductive to, furthering such Partnership's investment objective.

### ***Legal and Regulatory Risks***

Legal, tax and regulatory changes could occur during the term of the Funds that may adversely affect the strategy. New or revised laws or regulations or interpretations of existing laws may be issued by U.S. and non-U.S. regulators or other governmental regulatory authorities or self-regulatory organizations and these could adversely affect the strategy.

### ***Operating Manager Compensation***

Folium maintains a global network of operating managers who will typically have a contract with a Partnership or one of its affiliates to provide management and/or consulting services. They are often involved in both pre-and post-investment activities relating to the investments. For potential portfolio investments, they may assist Folium in finding investment opportunities, conducting due diligence, validating the operational potential, and providing additional assistance through their

industry contacts. After a portfolio investment is made, they often work closely with management of the investment to provide industry expertise and experience and to implement the value-creation plan constructed for the investment. Operating managers may be hired by a Partnership's investment subsidiaries in a senior executive capacity or serve on a Partnership's investment subsidiary's board of directors after the investment is made. A Partnership may compensate operating managers through a combination of cash payments, performance fees and expense reimbursements.

### ***Contingent Liabilities on Disposition of Investments***

In connection with the disposition of investments, a Partnership may be required to make certain representations about the business and affairs of the subject investment subsidiary, may be responsible for the content of disclosure documents under applicable securities laws and may be required to indemnify the purchaser of such investments to the extent that such representations or disclosures are inaccurate. These arrangements may result in the incurrence of contingent liabilities for which a Partnership may establish reserves or escrows. It is also possible that other claims could be made against a Partnership in connection with its investments and business operations. To the extent that a Partnership does not have sufficient uncalled capital or other available resources to satisfy such liabilities, the Investors in such Partnership may be required to return amounts previously distributed by the Partnership to satisfy such liabilities, subject to limitations set forth in the applicable Fund Documents.

### ***Cybersecurity***

Folium, the Folium Funds, and each Folium Fund's portfolio companies generally rely on information technology systems for current and planned operations. Information and technology systems of Folium and each Folium Fund's portfolio companies may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes, and earthquakes. If any systems designed to manage such risks are compromised, become inoperable for extended periods of time, or cease to function properly, Folium, a Folium Fund, and/or a portfolio company may have to fix or replace them. The failure of these systems and/or of disaster recovery plans for any reason could cause interruptions in Folium's, the Folium Funds', and/or a portfolio company's operations and result in a failure to maintain the security, confidentiality, or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors).

### ***Diverse Investor Group***

Investors may have conflicting investment, tax, and other interests with respect to their investments in the Folium Funds. The conflicting interests of individual investors may relate to or arise from, among other things, the nature of investments made by the Folium Funds, the structuring or the acquisition of investments and the structure, timing, or manner of disposition of investments. As a consequence, conflicts of interest may arise in connection with decisions made by Folium, including with respect to the nature or structuring of investments or dispositions, that may be more beneficial for one investor than for another investor, especially with respect to investors' individual tax situations. In selecting and structuring investments appropriate for the Folium Funds, Folium will consider the investment and tax objectives of each Folium Fund and its investors as a whole, not the investment, tax or other objectives of any investor individually.

## GENERAL RISKS RELATING TO A FUND'S INVESTMENTS IN NATURAL RESOURCES

### ***Business Competition***

Both the agriculture and forestry products businesses are large, often global and competitive. Competitive factors may include price, species and grade, crop type, proximity to markets, ability to meet delivery requirements, increasing availability of substitute products, and supply and demand in the relevant market area. Investments made by a Partnership will compete with a number of large, well-financed regional and international entities experienced in all aspects of agriculture and forestry business. In addition, in many instances, these competitors will have more experience in the geographic regions where the investments are located.

### ***Competition for Investments***

Investing in agricultural and forestry properties, particularly on the scale contemplated by the Funds, is a highly competitive enterprise. Identifying attractive agricultural and forestry investments is difficult and involves a high degree of uncertainty. Each Partnership competes for investments with other institutional investors as well as other investment vehicles, the size and number of which has grown dramatically in recent years. As a result, it is possible that a Partnership may not be able to acquire investments that satisfy its rate of return objectives or fully invest its committed capital within any applicable commitment period.

### ***Environmental Considerations***

Both the agriculture and timber industries are subject to extensive environmental regulation in the United States as well as abroad. In recent years, environmental laws in countries outside the United States have become more stringent and enforcement has intensified. It is likely that additional regulations both inside and outside of the United States will become applicable to the operations of investments, resulting in increased costs, reduced operating flexibility and additional capital expenditures, which could adversely affect operating results. Additionally, comprehensive environmental reviews of properties under consideration may not always be possible or practicable. It is possible that even where environmental reviews are conducted they will not uncover all potential environmental problems, which in turn could result in significant liabilities.

With respect to timber investments, Folium intends to implement a variety of sustainable management practices designed to conserve resources and avoid environmental damage. Folium intends to have all timberlands meet or exceed all relevant regulations relating to the protection of the environment and to manage the timberland in a manner which will permit independent certification as to conformity with regionally recognized certification standards. However, regulations and standards may change, which may require additional capital expenditure or increased operating expenses.

### ***Export/Import Regulation***

There is a possibility that in some countries in which investment properties of the Funds are located, including the United States, the export or import of agricultural or timber products could be taxed, subject to volume limitations, or otherwise discouraged or prohibited by governmental authorities. Such limitations may negatively impact the value of investments.

### ***Fire, Weather and Pest Damage to Properties; Potential Climate Change***

Agricultural and forestry properties are subject to a number of natural hazards, including damage by fire, drought, flood, frost, insects and diseases, storm damage, poor pollination, competing

vegetation or soil infertility. Severe weather conditions and other natural disasters may also reduce productivity of investments and may interfere with the processing and delivery of products. Similarly, long-term climate changes may negatively affect investment properties. Productivity may be lost as a result of adverse weather conditions such as drought or excessive heat or cold. Disease and pest control methods are not always successful and, in addition to posing difficult environmental compliance problems, can be very expensive. In addition, with respect to timber investments, high-yield single-species forest plantations are typically more vulnerable to biological risks and require intensive risk monitoring and management. Natural mixed forests tend to be less impacted by biological risks given their composition of multiple species, larger land area, and ecosystems adapted to natural shocks. Consistent with industry practices in the jurisdiction of a particular timberland investment, the Funds may or may not maintain insurance against these risks.

Insurance against loss may not be obtainable, or may not be obtainable at a reasonable cost, and thus investments may not be insured against major risks. Industry practice is not to carry crop insurance and each Partnership will determine if insurance is warranted.

### ***Changes in operating costs***

Changes in operating costs contribute to cash flow as well as the value of underlying agricultural and timber assets. Agricultural and log markets are extremely competitive and although being a low-cost producer is part of the strategy, changes in these costs can impact investment return. Greenfield permanent planting investments and timberland investments have the most exposure to this risk as cost structures may not be entirely proven for certain regions and industries may not be fully developed. Building water infrastructure to transform dry land to a higher and better use also has a high exposure to operating cost risk. Annual crop operating costs are more widely known and are more correlated to commodity prices over longer timeframes. Operational expertise for annual crop farming is widely available but choosing qualified management is vital to the success of a property.

In addition, natural forests may require significant investment in infrastructure in order to harvest timber and move it to markets. Mid-rotation investments may have established operating costs during the growing period but more uncertain harvesting costs.

### ***Investments in Partnerships, Joint Ventures and Other Entities***

Investments may be made through partnerships, joint ventures or other entities. Such investments may involve risks not present in direct or wholly-owned investments, including, for example, the possibility that a co-venturer or partner might become bankrupt, or may at any time have economic, business or governmental/public policy interests or goals that are inconsistent with those of the participating Partnership. In addition, the participating Partnership may be liable for actions of its co-venturers or partners. In some instances, the investment of a Partnership may represent a minority or non-managing interest resulting in co-venturers or partners being in a position to take action contrary to the objectives or interests of such Partnership.

### ***Legal Uncertainty***

Material contracts for a Partnership or its investment subsidiaries, including real estate purchase and sale agreements, property management agreements and supply agreements, are generally individually negotiated and highly customized. Counterparties, courts and/or agreed mechanisms of alternative dispute resolution may interpret contractual terms differently than the Partnership and, in such cases, the Partnership may not be able to obtain the benefit of negotiated provisions

either due to potentially high costs associated with pursuing contractual claims or due to adverse interpretations after litigation of a claim.

### ***Leverage and Other Factors Related to Borrowing***

It is possible that investments of the Funds may be leveraged. Although leveraging could enhance the ability of a Partnership to acquire additional investments and, in certain circumstances, could result in more tax efficient transactions, it could also increase the exposure to larger losses, since fixed payments on specific dates will be required regardless of the lack of liquidity of such investments or the receipt of revenues. In the event any investment cannot generate adequate cash flow to meet debt service, the participating Partnership may suffer a partial or total loss of capital invested in such investment and any others used as collateral. In addition, lenders could seek to impose restrictions on the future borrowing, distribution and operating policies of the investments. Further, market conditions could make financing difficult or costly to obtain at a time when such financing or refinancing would otherwise be desirable for an investment.

### ***Long-Term Supply Contracts***

The management strategy for agriculture and timber investments may include the negotiation of long-term supply contracts guaranteeing customers a stable flow of agricultural products and timber at market prices. Because the pricing mechanism in such contracts is usually determined by some fixed formula (*e.g.*, a fixed price based on prices at mills in the same market), it is possible that these contracts could result in Folium foregoing certain spot market opportunities that otherwise could have increased returns. Long-term supply contracts may also require that an investment unit continue harvesting when prices have decreased to a point that the harvesting activities would have been limited in the absence of the supply requirements. In addition, long-term supply contracts also expose the investment to counterparty risks as the customer to which the products are sold pursuant to the supply contracts could default, which could leave the investment without a secured customer for its product.

### ***Political Influence***

Due to the importance of agriculture and forestry to the sustainability of society, the agricultural and forestry markets are typically the subject of significant government subsidies, interventions and other programs. Political action is inherently unpredictable and creates a material uncertainty in these markets. The existence or continuation of government subsidies in the agricultural sector often determine whether it is economically feasible to continue to produce a particular crop. In certain of the emerging markets in which the Funds may make investments, not only is the role of political influence significant, but such influence is also highly unpredictable. Furthermore, political embargoes, restrictions on land ownership, expropriation, confiscatory taxation, political changes, social instability or diplomatic developments and other actions taken by the governments of the countries in which the Partnerships may invest or in which agricultural products may be sold may also materially affect prices. Governmental policies affecting the agricultural and forestry industries such as taxes, tariffs, duties, subsidies and import and export restrictions on agricultural commodities and commodity products and timber products, as well as current or potential climate change regulations, can influence industry profitability, the planting of certain crops versus uses of agricultural resources, the location and size of crop production, whether unprocessed or processed commodity products are traded, the volume and types of imports and exports and market prices on timberland investments. In addition, international trade disputes can adversely affect trade flows by limiting or disrupting trade between countries or regions. Future government policies may adversely affect the supply, demand for and prices of crops and commodities, may restrict the

ability of tenants to do business in their respective target markets and could cause the financial results of the participating Partnership to suffer.

### ***Potential Labor Liabilities***

The machinery used in timber and crop production and processing is dangerous and serious injuries may occur from time to time despite best efforts to train workers and use state-of-the-art equipment. In addition, certain regions can experience extremely high temperatures and workers may suffer from sun exposure, dehydration and other heat-related health conditions despite having access to water, shade, rest periods and protective clothing. In general, the Funds and its subsidiaries will contract with farm and forest management companies regarding certain property and other day-to-day management matters. Such companies may further subcontract with other contractors regarding the performance of work on the Partnerships' investment properties. However, in certain jurisdictions, particularly in Continental Europe and Latin America, labor laws provide for a landowning or contracting entity to be secondarily liable for wages and other benefits of workers to the extent that their employer fails to pay such items and the services were performed by the workers for the benefit of the landowning or contracting entity. A Partnership may mitigate the potential for secondary labor liabilities by seeking to obtain indemnification rights from contracting parties; however, there is no guarantee that the Partnership will always obtain such indemnification or, even if obtained, that a counterparty will have the financial capacity to fulfill any indemnification obligations. As a result, these factors may cause potential labor liabilities for the Partnership.

### ***Projections***

Investments made by a Partnership rely upon models, projections, forecasts or estimates developed by Folium or others concerning the future performance of an investment. These tools are based on a number of assumptions which may or may not be expressed, and there is no guarantee as to the accuracy or completeness of such assumptions or that they are free from data and other errors undetected by Folium. Any imperfections, limitations or errors in those models, projections, forecasts or estimates could affect their accuracy and the ability of a Partnership to achieve its strategies. Some important factors which could cause actual results to differ materially from forward-looking statements in any model, projection, forecast or estimates include: variances in actual harvest volume/yields of agricultural crops or timber relative to modeled or budgeted volume/yields, fluctuations in the price for agricultural crops or timber and related products, changes in interest rates; domestic and foreign business, market, financial or legal conditions; foreign exchange rates and the degree to which investments are hedged, if at all, and the effectiveness of such hedges, among others.

With respect to timber investments, predicting and modeling timberland growth rates, product class assortment, and future volumes are important aspects in the determination of investment value. Growth and yield models are refined and enhanced over time as more information becomes available at a specific site for a given species. Growth and yield risk is most pronounced for Greenfield investments, where plantation data and equations may not exist or may not yet be fully proven. This risk is lessened as forest plantations age and growth data becomes more robust. For natural forest investments, which exhibit non-uniform inventory, growth and yield risk is elevated for properties in tropical latitudes, which exhibit higher growth characteristics than those in higher latitudes, which grow more slowly.

Accordingly, there can be no assurance that estimated projections can be realized or that actual results will not be materially lower than those estimated.



### ***Sabotage and Theft***

There can be no assurance that agricultural and timberland properties will not be subject to vandalism, sabotage, unauthorized cutting, trespass and/or pilferage by employees, contractors, competitors or others.

### ***Term of each Partnership***

Each Partnership has a limited term period, after which the Partnership must liquidate any remaining investments and dissolve. Extensions of such term require the approval of a majority of Investors, and Investors may choose to decline an extension. Given the illiquid nature of direct agricultural and timberland investments and cyclical market fluctuations, there is no guarantee that investments will be sold within a Partnership's initial term or any extension thereof. Investments that are still held by a Partnership after the expiry of its term may need to be sold at a substantial discount during liquidation.

### ***Use of REITs***

In structuring investments in the U.S., Folium may use entities intended to qualify as real estate investment trusts ("REITs") as soon as reasonably practicable after their formation. The requirements for qualification as a REIT are extremely complex. In seeking to comply with the requirements for taxation as a REIT and minimize any potential taxes payable by it, an investment entity may be required to limit or alter its activities, including by foregoing or delaying certain opportunities (including potential dispositions) that might otherwise be attractive on a pre-tax basis. Failure of an investment entity to qualify as a REIT could render it subject to tax on its income at regular corporate rates and possible penalties.

### ***Valuation of Investments***

No liquid market exists for the types of agriculture and forestry investments to be made by the Partnerships, making such investments difficult to value accurately. Folium may ask third party appraisers to value the Partnership's investments. Such valuations are based on multiple assumptions, and the appraiser may rely on data provided by the managers regarding a property and its management and disposition strategy. Any or all of such data, assumptions and estimates used by the appraiser may prove to be inaccurate resulting in incorrect estimates of asset value.

### ***Impact of Changes in Market Cap Rates on Exit Prices***

Changes in market required returns can impact a Partnership's ability to sell investments. Total returns can be boosted by opportunistic exits but in a rising interest rate environment, capitalizing on compressing exit cap rates may be more difficult.

Agriculture investments valued on a discounted cash flow basis, such as existing permanent plantings and certain water assets, would be most impacted by changes in discount rates. A key driver of this risk would be the attractiveness of agricultural land investments relative to other asset classes. Annual crop properties are solely dependent on land values which trade as multiples of lease rates and are valued using comparable sales.

Timberland investments with lower starting cap rates such as mature forests and natural forests, in some regions, would be most impacted by changes in discount rates. A key driver of this risk would be the attractiveness of timberland investments relative to other asset classes.

## RISKS RELATING TO A FUND'S INVESTMENTS IN NATURAL RESOURCES - AGRICULTURE INVESTMENTS

### *Access to and Availability of Water*

Water is a fundamental component of any agricultural operation and the supply of water can be both uncertain and subject to political intervention. Furthermore, watercourses and water bore construction and maintenance, including the maintenance of existing easements relating to the taking of both surface and ground water and the construction and maintenance of irrigation systems may be costly and time consuming which may adversely affect the investments made by the Funds.

### *Fluctuating Pricing of Agricultural Products*

Agricultural product prices can be highly volatile and can fluctuate materially over a short period of time due to changing demand patterns, transportation difficulties, climatic events and numerous other reasons. Increases in productivity and/or decreases in demand for certain agricultural crops may lead to an oversupply in such crops and a resulting decline in prices. In contrast, rapid and marked price increases can occur in years when there is a material decrease in the global supplies of agricultural products, which are generally caused by crop failure in one or more of the world's major producing regions. Crop failures can occur for many reasons, but have been generally short-lived and have not caused a marked or prolonged decline in consumption. However, there can be no assurance that future price "spikes" from such supply swings will not be permanent. A prolonged increase in the price of certain agricultural products could adversely affect demand and the prospects for the Partnership's investments. In addition, the use of certain agricultural staples (for example, corn) for non-agricultural purposes such as ethanol production can affect prices. While certain agricultural products are staples, others are regarded by consumers as discretionary items, and during periods of recession or economic downturn, the prices of such products often drop substantially. The purchases, interim valuations and eventual sales of farmland and related assets will be dependent on prevailing market prices, which may fluctuate substantially based on timing, as well as changes in supply, demand and commodity prices, among other factors. Increases in supply may reduce crop prices, which in turn may reduce revenues and negatively impact financial results. The supply of crops is affected by various factors, including increases in global supply, the availability of new crop varieties capable of growing faster, producing more, or growing on more diverse soils, as well as substitute product development. The supply of farmland has been relatively stable recently. However, cropland conversion from other uses (such as timberland or pastureland) is taking place at an increasing rate.

### *Yield variability*

All agricultural real estate investments experience variability in yields driven by climatic conditions, operational techniques and decisions, and genetic traits (such as alternate bearing crops). Volatility in yields or the realization of mature yields that are less than initially underwritten are primary risks in agricultural investments. Yield variability can impact both the size and quality of a crop, potentially impairing operating performance. Technological advances in irrigation improvements, seed quality, and genetic engineering continue to drive global average yields higher which could mitigate yield variability but also contribute to downward pressure on crop pricing. Annual crop investments, especially those that are rain-fed, have the highest exposure to yield variability, driven primarily by climatic factors during the critical growing and harvest periods. Since annual crops are replanted each crop season, yields are typically independent of prior season yields, with the exception of improvements made to the soil. Permanent plantings usually are irrigated which, along with other management practices, helps to reduce the impact of yield volatility. Water efficiency investments are also typically irrigated projects, but they may have been

underinvested or mismanaged, causing yield risk to be somewhat elevated during the transitional period.

### ***Changes in crop pricing and product market risk***

Crop pricing has historically been cyclical with volatility driven by a number of factors such as global consumption and production levels, relative cost of production among market participants, investment in industrial capacity, population growth trends, and other factors. The prices obtained for the products produced by agricultural investments are generally driven by market forces and are beyond our control. In addition, there is some correlation between crop pricing and land values. Product market risk is generally higher for permanent plantings, especially Greenfield projects in less established regions. Commercialization of these products may require additional investments such as packing and temperature controlled storage facilities. Permanent crops take longer to develop so supply-side responses to additional demand are slower than those seen in annual crops, which can be rotated each crop season. Annual crop markets are deep with heavily researched supply and demand characteristics and production cost-driven price floors and ceilings. Annual crops typically have more liquid futures contracts that can enable hedging.

### ***Lease Counterparty Risk***

Properties leased to local operators are subject to counterparty risk if the operator fails to pay all or part of the agreed upon lease payment. In situations where an operator is farming a property on a crop-share lease, the Partnership's crop-share will be dependent on the operator's ability to successfully grow and/or market the relevant crop. The impact of a lease counterparty's non-performance may be magnified if an investment is unable to meet its other obligations, such as debt payments, as a result of lost lease income.

### ***Livestock Risks***

The products and services required in connection with the care and maintenance of livestock, including food, veterinary and other health services (including disease prevention and treatment) may be expensive and the costs of such products and services may unexpectedly increase. In addition, a Partnership may face potential liability or export bans in the event contaminated livestock products are identified. Any of the above factors could adversely affect the operating results of a Partnership's livestock-related investments.

### ***Spoilage and Crop Safety***

Many agricultural commodities have a limited lifetime during which they are marketable. Delayed shipments, inadequate packaging or poor storage conditions may result in crop rancidity. Delays in bringing products to market, transportation difficulties, poor weather and numerous other factors can lead to a complete loss of certain agricultural related investments. Additionally, the potential for contamination with various pathogens exists.

## **RISKS RELATING TO A FUND'S INVESTMENTS IN NATURAL RESOURCES - TIMBER INVESTMENTS**

### ***Fluctuating Pricing of Timber Products***

The operating performance and underlying land value for timberland investments are based on the sales of harvested products, either in the near-term (mature forest investments) or in the future (greenfield investments). Market pricing for timber products is cyclical and is influenced by a

number of factors such as global consumption and production levels, relative cost of production among market participants, investment in industrial capacity, population growth trends, and other factors. Weakness in these markets can impact annual cash flows as well as the value of timberland assets. Equivalent changes in product market pricing have more impact on mature forest plantations and natural forests, since these investments are producing cash flows which form a significant portion of the total return stream. Greenfield investments require time to develop, allowing for harvest scheduling and possible opportunistic exits.

### ***Inventory risk***

In the investment initial due diligence process, mapping, inventory, and material selection are very important in the purchase and establishment of a timberland investment. Imprecise inventory measurements can lead to inaccurate forward return projections and overstated net present value calculations. Inventory risk is most pronounced for managed natural mixed forests where trees are mature and highly variable requiring higher intensity inventory plots. Stratification in natural forests is more difficult as well. In a mature forest plantation there is less risk from stand delineation, but inventory plot design and ground controls are very important. In a Greenfield forest plantation investment there is no standing inventory, but selection of genetic material (species, varieties, provenance and/or clonal selection) is extremely important to ensure a successful timber rotation.

## **RISKS RELATING TO INDUSTRIAL AND ENERGY INVESTMENTS**

### ***Regulatory Risk***

As a general matter, each of the industrial and energy sectors may be subject to comprehensive regulations, whether in the United States or in non-U.S. jurisdictions. Present, as well as future, laws, regulations, incentives, and subsidies affecting these sectors could result in increased expenditures, decreased revenues, restrictions and delays that could materially and adversely affect the performance of investments in such sectors.

### ***Siting and Permitting Challenges***

Both industrial and energy-related projects may be subject to siting requirements. Siting of such projects is also frequently subject to regulation by applicable state, county and local authorities. The failure of any platform investment or project to receive, renew or maintain any required permits or approvals or any inability to satisfy any requirement of any permits or approvals may result in increased compliance costs, the need for additional capital expenditures or a suspension of project operations.

### ***Volatility of Commodity Prices***

The performance of investments may be dependent upon prevailing prices of oil, natural gas, coal and other commodities (such as metals). Commodity prices are volatile and subject to wide fluctuations in response to a variety of factors.

### ***Power Purchase Agreement Risk***

Platform investments or projects may enter into power purchase agreements (“PPAs”) providing for the purchase of power by third parties from such portfolio companies or projects. Payments by power purchasers to such companies or projects pursuant to their respective PPAs may provide the majority of such companies’ or projects’ cash flows. There can be no assurance that any or all of

the power purchasers will fulfill their obligations under their PPAs or that a power purchaser will not become bankrupt or that upon any such bankruptcy its obligations under its respective PPA will not be terminated.

### ***Construction, Operations and Maintenance Risk***

In connection with the development of any greenfield project and the operation and maintenance of any completed project, an investment may also face development and operations and maintenance risks, including, without limitation, the following risks; development, post-development operations and maintenance, technical, construction, and insurance.

**It is critical that Investors refer to the applicable Fund Documents for a complete understanding of the material risks involved in an investment in the Fund. The information contained herein is a summary only and is qualified in its entirety by such document.**

### **Item 9 – Disciplinary Information**

Neither Folium nor any of its management persons have any legal or disciplinary events that would be material to an Investor’s evaluation of Folium or the integrity of Folium’s management.

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

Neither Folium nor any of its management persons is registered, or has an application pending to register, as a broker-dealer or a registered representative of a broker-dealer. (iii) a futures commission merchant; (iv) a commodity pool operator; (v) a commodity trading advisor; or (vi) is an associated person of any of (iii), (iv) or (v).

Folium is affiliated with the General Partner. As described in Item 6, this creates a potential conflict of interest in that it may cause Folium or the General Partner to take greater risks than they may have otherwise. This conflict of interest is addressed as described in Item 6.

### **Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

#### **Code of Ethics**

Folium has adopted a written Code of Ethics (the “Code”) in accordance with Rule 204A-1 under the Investment Advisers Act of 1940 (the “Advisers Act”). The Code applies to Folium’s “Access Persons.” Access Persons include, generally, any partner, officer or director of Folium and any employee or other supervised person of Folium (or an affiliate) who, in relation to the Fund or Separate Accounts, (1) has access to non-public information regarding any purchase or sale of securities, or non-public information regarding securities holdings or (2) is involved in making securities recommendations, executing securities recommendations, or has access to such recommendations that are non-public. Currently, all employees of affiliates of Folium are deemed to be Access Persons.

The Code establishes guidelines for professional conduct, and requires Access Persons to place the interests of the Fund and Investors above their own interests and the interests of Folium and its affiliates. All Access Persons are required to acknowledge their receipt of, and agreement to abide by, the Code upon hire and at least annually thereafter. The Code requires Access Persons to comply with applicable federal securities laws. Further, Access Persons are required to promptly bring

violations of the Code to the attention of Folium's Chief Compliance Officer (the "Chief Compliance Officer").

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

Folium manages the potential conflicts of interest inherent in personal trading by Access Persons through rigorous enforcement of its Code, which contains limitations on Access Persons' personal investment activities. Access Persons' personal securities transactions are required to be made in accordance with Folium's Code, which includes pre-clearance of participation in initial public offerings or transactions in private placements their personal accounts. Access Persons must also obtain preclearance prior to transacting in any issuer on the Restricted List, as described below. In addition, Folium receives transaction and holdings reports in accordance with Rule 204A-1 under the Advisers Act. The Chief Compliance Officer reviews Access Persons' personal transaction and holdings reports in an effort to ensure each Access Person is conducting his or her personal securities transactions in a manner that is consistent with the Code.

Folium maintains a "Restricted List" with the names of issuers of securities about which Folium (or its Access Persons) has learned material, non-public information or that may require, for business or legal reasons that the Fund and Access Persons do not trade in the securities for a specific period of time. Access Persons must preclear any transactions in securities on the Restricted List (or any other securities to which the material, non-public information relates). In addition, the Code seeks to ensure the protection of non-public information about the activities of the Fund.

Clients may obtain a copy of Folium's code of ethics by contacting Folium.

#### Co-Investments

From time to time, Folium will have the option to offer co-investment opportunities to investors in the Funds, or to third parties. Folium or its affiliates may, in its discretion, facilitate co-investments, including via the organization of a Co-investment Entity, as previously described, sponsored by Folium or its affiliates. Subject to any specific allocation requirements set forth in the Fund Documents, the existence of co-investment partnerships described in the prior sentence and/or side letters granted to Investors, the following selection and allocation criteria will be considered in determining the selection of co-investors and the allocation of co-investment opportunities.

#### *Co-Investor Determination/Selection Criteria*

Co-Investments will be offered to investors based on a range of factors, including, but not limited to:

- Size of a co-investment opportunity;
- Economic advantages to the Partnership such as risk sharing, access to certain financing vehicles, enhanced alignment of interest with property managers or otherwise;

- Any requirements or restrictions relating to the selection of co-investors set forth in the governing documents of the Partnership(s) to which a co-investment opportunity relates and/or in any side letters granted to applicable Investors; and
- Any other factors determined by the applicable Partnership's general partner, in its sole discretion, to be relevant to the co-investor selection process.

#### *Allocation Amongst Interested Co-Investors*

After the selection of interested co-investors, co-investment opportunities will be allocated based first on allocation-related requirements (including capacity reserves) set forth in any Fund Documents granted to Investors in the Partnership(s), as well as any applicable legal or regulatory requirements. After such allocations, Folium and its affiliates, will, in their sole discretion, determine the allocation of such investment opportunity that is available for co-investment.

In addition, a Partnership may buy assets from, or sell assets to, Folium, its affiliates or its management personnel (including the Principal). This could potentially create a conflict of interest between Folium and a Partnership because Folium would have an incentive to negotiate more favorable terms for itself, its affiliates or its management personnel at the expense of the Partnership. As a result, Folium is subject to notice and consent obligations in connection with the operation of the Partnerships for which it acts as an investment manager in the event it enters transactions deemed to be "principal transactions." Folium has established policies and procedures that address these principal transactions. Additionally, the Partnership Documents may establish the terms of any principal transactions or restrict principal transactions. To the extent that a Partnership may engage in principal transactions with Folium, its affiliates or its management personnel, Folium provides Investors disclosure of the potential for principal transactions and the process for approving such transactions.

#### *Co-Investment Expenses*

As discussed in Item 4, a Fund may incur expenses in connection with a potential investment that is expected to be made by such Fund but is abandoned before it is made ("Broken Deal Expenses"). As a general matter, the Fund will be obligated to pay all expenses incurred in connection with an investment opportunity that is considered by the Fund, even if the investment is not consummated and even if potential co-investors in that investment do not agree to pay any share of such expenses. For example, a Fund or the General Partner (or an affiliate thereof) may attempt to create a special purpose entity that will complete its formation and otherwise be in a position to bear expenses relating to a potential co-investment only if the co-investment is consummated. Thus, there may be no third party that has agreed to share expenses with the Fund if the co-investment is not consummated, with the result that the Fund may bear all of the Broken Deal Expenses relating to that potential investment notwithstanding that third parties may have benefitted from the opportunity to review, investigate and otherwise assess that potential investment. The General Partner is not required to limit co-investment opportunities to potential co-investors that agree to pay their share of Broken Deal Expenses. Consequently, a Fund may bear a disproportionate amount of Broken Deal Expenses relative to its expected investment in any potential investment that is offered to co-investors but is not consummated.

### Participation in Client Transactions

As explained in Item 10 above, Folium serves as investment adviser to the Fund. Folium recommends interests in the Fund to prospective Investors. Folium, its affiliates and certain Access Persons have invested, and may continue to invest, in the Fund.

### Policy on Principal, Agency Cross, and Cross Transactions

Principal transactions are generally defined as transactions where an investment manager or investment adviser, acting as principal for its own account, buys any security from, or sells any security to, a client. A principal transaction would occur if Folium bought securities for its own account from a client or sold securities that it owned to a client. In certain instances, a principal transaction may also occur if an affiliate of Folium bought or sold securities from or to a Folium client. It is our policy not to engage in any principal transactions without disclosing to the Fund before the completion of such transaction the capacity in which Folium is acting and obtaining any required prior consent for such transaction. In addition, Folium, its employees and affiliates may co-invest in transactions with clients or in the Funds as described above.

It is Folium's policy not to engage in cross trading transactions. A cross trading transaction is defined as a transaction where an investment manager or investment adviser acts as broker for both its client and the party on the other side of a transaction. An agency cross transaction would also occur if the transaction is executed by an affiliate of the manager or adviser.

Occasionally, and in accordance with, the Fund Documents and all applicable laws and regulations, one or more of the Funds may engage in activities that may be considered internal cross-trading transactions. No fees will be charged by Folium or its affiliates to Funds in connection with the completion of a cross trading transaction. In certain cases, a cross trading transaction may be viewed as principal transactions due to the ownership interest in the Fund by Folium.

### Other Potential Conflicts of Interest

Throughout this brochure, we disclose a number of conflicts of interest, including the allocation of time among clients and the management of multiple investment strategies. We encourage Investors and potential investors to review our policies and procedures and inquire directly with us about such conflicts. In the case of all conflicts of interest Folium determines which factors are relevant, and how to mitigate and resolve such conflicts, using its best judgment, but in its sole discretion except to the extent otherwise specified in the Fund Documents (such as where the approval of an Advisory Committee is required). In resolving conflicts, Folium may consider various factors, including the interests of the applicable Funds with respect to the immediate issue and/or with respect to their longer-term courses of dealing.

### *Investments by the Principals or Employees in Securities Similar to Those Recommended to the Funds*

Certain Principals or Employees maintain personal investments in securities similar to those recommended to the Funds. As a general matter, Folium does not believe such personal investments overlap with the strategies pursued by the Funds. However, conflicts of interest may arise where a Principal's or an Employee's personal investment could benefit, directly or indirectly, due to an investment by the Funds. Pursuant to Folium's Code of Ethics described above, the Principals and Employees are required to report all such personal investments and are required to obtain the Chief Compliance Officer's pre-approval before seeking to transact in future limited offerings. Folium will always place the Funds' interests over those of any Principal or Employee or their personal



investments. Further, while it is not Folium’s policy or intention to buy or sell securities held by a Principal or Employee on behalf of the Funds, pursuant to Folium’s policy regarding principal transactions, Folium would first disclose to the Fund the capacity in which the Principal or Employee is acting and obtain any required prior consent for such transaction.

#### *Outside Business Activities of the Principals and Employees of Folium*

Folium and its employees may have conflicts related to outside business activities. Andrew Wiltshire, a Principal of Folium, is a member of the Board of Directors of Rayonier Inc. (NYSE: RYN) (“Rayonier”), a U.S. and New Zealand forestry company. In general, Folium believes the Funds will benefit from the experiential knowledge acquired from this position. Conflicts of interest may arise, however, where Rayonier and the Funds seek investment in the same investment opportunity, or where the Funds are restricted from pursuing an investment opportunity due to Mr. Wiltshire’s position on the Board. Folium believes the potential for such conflicts is limited due to the diverse investment objectives of the Funds and Rayonier.

#### *Investments by the Principals and Employees of Folium in the Funds*

The General Partner and the Principals invest directly in the Fund. Employees of Folium may invest in the Fund. Investments by the Principals and employees of Folium in the Funds could incentivize the Principals and employees of Folium to make different investment decisions than if such parties did not have interests in the Funds (for example, increasing or decreasing the risk profile of the Fund). Folium has adopted a Code of Ethics concerning trading by personnel of Folium that is designed to detect and prevent potential conflicts of interest between Folium and its clients. Please refer to Item 11 above for additional information regarding Folium’s Code of Ethics.

#### *Allocation of Folium and its Employees’ Time*

Folium and its employees may have conflicts in allocating their time and services among the clients. Folium will devote as much time to each client as Folium deems appropriate to perform its duties in accordance with the Fund Documents.

#### *Carried Interest*

The General Partner’s right to receive Carried Interest may create an incentive for Folium to cause the Partnership to make investments that are riskier or more speculative than would be the case if the General Partner was not entitled the Carried Interest.

#### *Managing Multiple Investment Funds*

Conflicts of interest may exist where an adviser and its affiliates manage more than one private investment fund. Folium and its affiliates will not confer a benefit on the client to the disadvantage of another. Potential conflicts of interest among the Funds managed by Folium are expected to be limited because the Funds have different investment objectives.

#### *Conflicts of Interest Related to Operating Managers*

The General Partner will from time to time hire operating managers (collectively, “Operating Managers”), to provide management and/or consulting services. The fees to be paid to the Operating Manager are determined at the discretion of the General Partner taking into account the assets to be governed by such agreement, may include a profits interest or other incentive-based compensation to the Operating Manager, and are otherwise determined according to one or more

methods, including a percentage of the value of the assets being serviced or the invested capital exposed to such assets, and/or a percentage of cash flows from such assets. In the event one or more Operating Manager is providing services to multiple Funds, we will allocate such fees among these Funds in a fair and equitable manner.

### **Item 12 – Brokerage Practices**

As described in Item 4, above, Folium is the investment adviser to the Fund investing in regenerative natural resources. Accordingly, these types of transactions generally do not require the use of a securities broker. In the event the use of a broker is required for a specific transaction, Folium has sole authority for selecting the broker-dealer used in each transaction of publicly-traded securities and for negotiating fees paid to the broker-dealer in connection with such transactions. When executing transactions in exchange-traded securities, Folium recognizes that it has a duty to seek “best execution” for any securities transactions made for the Fund.

Folium will consider a number of factors in selecting appropriate broker-dealers, including, but not limited to, net price, availability, reputation, financial strength and stability, efficiency of execution and error resolution, the size of the transaction and the market for the security. We will not obligate ourselves to obtain the lowest commission or best net price for an account on any particular transaction. We may also consider the comprehensiveness and frequency of available research services and products provided by the broker-dealer.

In selecting or recommending broker-dealers, Folium does not consider Client referrals from a broker-dealer. We maintain no formalized “soft dollar” arrangements with broker-dealers.

Folium does not have directed brokerage arrangements.

Given our investment program, we do not intend to engage in the aggregation or orders or order bunching.

### **Item 13 – Review of Accounts**

The Fund’s portfolio and investments will be monitored regularly by Folium’s Investment Committee, comprised of Alvaro Aguirre, Oliver Grantham, and Andy Wiltshire. The Investment Committee holds in-person or video-conference meetings on a regular basis to provide prompt attention to key investment decisions. All major decisions, such as acquisitions, large capital expenditure projects, dispositions, selection of a new operator, among other matters will require unanimous approval by all Investment Committee members.

Folium generally provides the following reports to Investors in the Funds:

- (i) unaudited quarterly reports within 90 days after the end of each of the first three quarters of each fiscal year;
- (ii) audited financial statements of the applicable Fund prepared in accordance with generally accepted accounting principles within 120 days after the close of each fiscal year; and
- (iii) a review of the Partnership’s activities during the most recent fiscal year within 120 days after the close of each fiscal year.

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

Folium has entered into agreements with certain private placement agents with respect to the Funds. These agreements provide for Folium compensating the private placement agents for investors referred to Folium by paying a fee based on a percentage of the investor capital commitments to the Funds. Such private placement agents may have a conflict of interest in advising prospective investors whether to purchase or redeem interests in the Funds.

Other than the circumstances described above, Folium does not receive any economic benefits from non-clients in connection with the provision of investment advice to the Funds.

#### **Item 15 – Custody**

Folium is deemed to have custody of the Fund’s assets pursuant to Advisers Act Rule 206(4)-2. To ensure compliance with Rule 206(4)-2, Folium provides audited financial statements to Investors within 120 days after the end of the relevant Fund’s fiscal year (*i.e.*, generally by April 30).

To the extent necessary, Folium maintains the assets of certain Funds in accounts with a “qualified custodian” pursuant to Rule 206(4)-2 under the Advisers Act.

#### **Item 16 – Investment Discretion**

Folium has discretionary authority to manage securities accounts on behalf of each Partnership, subject to the applicable Partnership Documents. Investors do not have the ability to impose limitations on the discretionary authority of Folium. With respect to the Co-Investment Entities, often the decision to make a co-investment through a Co-Investment Entity will be made by the investors in that Co-Investment Entity instead of by Folium.

Folium or the General Partner may, from time to time, cause a Partnership to enter into side letter agreements. Such side letter agreements may provide certain Investors with terms (e.g., Management Fees, Carried Interest, rights to participate in co-investment opportunities, limitations on certain investments, etc.) additional to, or different from, those terms set forth in the Fund Documents.

#### **Item 17 – Voting Client Securities**

A significant portion of investments are expected to be in private securities. Due to the nature of these investments, Folium expects to have substantial authority to exercise voting rights with respect to such securities. Folium has developed policies and procedures in the event that it must vote proxies on behalf of the Fund.

Folium will vote any proxies received in the best interests of the Fund and in accordance with any procedures described to Investors. However, the policies permit Folium to abstain from voting proxies in the event that the Investor’s economic interest in the matter being voted upon is limited relative to its overall portfolio or the impact of the vote will not have an effect on the outcome of the matter up for vote or on the Investor’s economic interests.

Prior to voting any proxies with respect to the Fund, Folium will review the applicable proxy solicitation materials for potential conflicts of interest. If a conflict is identified, Folium will determine whether the conflict is material. If no material conflict is identified pursuant to these procedures, Folium will vote such proxy in accordance with the best interests of the Fund. If a material conflict is identified, Folium will consider the conflict and determine what course of action

is in the best interests of the Fund. Further, Folium will determine (in its sole discretion) whether it is appropriate to disclose the conflict to Investors.

Also, please let us know if you would like detailed information about how any proxies were actually voted by calling the Chief Compliance Officer at 617-307-6501 ext. 103.

**Item 18 – Financial Information**

Folium has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients. Folium has not been the subject of a bankruptcy petition.