

# **VALTERRA PARTNERS LLC**

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## **FORM ADV PART 2A**

### **Firm Brochure**

**March 18, 2024**

**This brochure provides information about the qualifications and business practices of Valterra Partners LLC (“Valterra”). If you have any questions about the contents of this brochure, please contact us at 646-469-6465. The information in this brochure has not been approved or verified by the U.S. Securities and Exchange Commission (“SEC”) or by any state securities authority.**

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

**REGISTRATION WITH THE SEC AS AN INVESTMENT ADVISER DOES NOT IMPLY THAT VALTERRA OR ANY OF ITS ASSOCIATED PERSONS POSSESSES A PARTICULAR LEVEL OF SKILL OR TRAINING IN THE INVESTMENT ADVISORY BUSINESS OR ANY OTHER BUSINESS.**

**Item 2: Material Changes**

The following is a summary of material changes from our last Brochure dated June 30, 2023:

There have been no material changes since the last filing of this Brochure.

If you have any questions or would like to request a complete copy of this Brochure, you can request a copy by contacting our office or you may download a copy from the SEC's disclosure website at <https://adviserinfo.sec.gov/>.

### **Item 3: Table of Contents**

<u>Item 2: Material Changes</u> .....	i
<u>Item 3: Table of Contents</u> .....	ii
<u>Item 4: Advisory Business</u> .....	1
<u>Item 5: Fees and Compensation</u> .....	2
<u>Item 6: Performance-Based Fees and Side-By-Side Management</u> .....	2
<u>Item 7: Types of Clients</u> .....	3
<u>Item 8: Methods of Analysis, Investment Strategies and Risk of Loss</u> .....	3
<u>Item 9: Disciplinary Information</u> .....	5
<u>Item 10: Other Financial Industry Activities and Affiliations</u> .....	8
<u>Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading</u> .....	9
<u>Item 12: Brokerage Practices</u> .....	10
<u>Item 13: Review of Accounts</u> .....	10
<u>Item 14: Client Referrals and Other Compensation</u> .....	10
<u>Item 15: Custody</u> .....	11
<u>Item 16: Investment Discretion</u> .....	11
<u>Item 17: Voting Client Securities</u> .....	11
<u>Item 18: Financial Information</u> .....	12
<u>Item 19: Requirements for State-Registered Advisers</u> .....	12

#### **Item 4: Advisory Business**

Valterra Partners LLC (“Valterra”), a Delaware limited liability company formed in 2015, is an independently-owned infrastructure private equity firm proving capital to U.S.-based, forward-facing businesses with strong ties to core infrastructure asset classes. The principal owners of Valtterra are Scott William Macintosh and Drew Charles Reid.

Valterra provides investment management services to private funds, each of which is formed for the purpose of investing primarily in a particular sector of infrastructure adjacent assets (each a “Fund” and collectively the “Funds”). Valtterra serves as the managing member of each of the Funds (the “Manager”). The Manager retains management authority over the business and affairs of the Funds. The Funds are exempt from registration under Section 3(c)(1) the Investment Company Act of 1940, as amended (the “Investment Company Act”) and the Funds’ securities are not registered under the Securities Act of 1933, as amended (the “Securities Act”).

Valterra focuses on companies that operate adjacent to or are the “first derivative” of traditional core infrastructure assets with similarly defensible demand profiles. Valtterra invests in four sectors covering the bulk of core infrastructure assets: (1) communications, consisting of data centers, digital media displays, fiber assets, niche communications infrastructure, and commerce technologies and platforms; (2) transportation, consisting of transportation infrastructure, concession based businesses, and supply chain infrastructure/specialized manufacturing build-out for high growth businesses; (3) clean infrastructure, consisting of processing of recycled materials into useful products via specialized United States manufacturing operations and urban infrastructure retooling by doing more with less; and (4) energy transition, consisting of renewable energy and associated infrastructure and supporting domestic production of transition energy sources.

Valterra’s advisory services consist of investigating, identifying and evaluating investment opportunities, structuring, negotiating and making investments on behalf of the Funds (each a “Portfolio Investment” and together, the “Portfolio Investments”), managing and monitoring the performance of such Portfolio Investments, and disposing of such Portfolio Investments. Investment advice is provided directly to the Funds, and not individually to the investors in the Funds; Valtterra does not tailor its advisory services to the individual needs of investors in the Funds.

Valterra provides investment advice to the Funds in a manner that is consistent with the investment objectives and strategies of each Fund, which are set forth in the applicable offering documents of each Fund (the “Governing Documents”). Investors and prospective investors should refer to the Governing Documents for more complete information on the investment objectives and investment restrictions with respect to a particular Fund. There is no assurance that any of the Funds’ investment objectives will be achieved. Valtterra may provide both discretionary and non-discretionary advisory services to other clients in the future.

Valterra does not participate in, nor is it a sponsor of, wrap fee programs.

As of December 31, 2023, Valterra managed regulatory assets under management of approximately \$204,060,200 on a discretionary basis and no assets on a non-discretionary basis.

## **Item 5: Fees and Compensation**

### *Compensation and Fee Schedules*

The fees applicable to each Fund are set forth in detail in each Fund's Governing Documents. A brief summary of those fees is provided below:

As compensation for investment management services, each Fund typically pays Valterra (or its designee) an annual fee equal to two percent (2.0%) of the aggregate capital contributions used to acquire the securities of, or otherwise invested in, loaned to or used for the benefit of a Portfolio Investment. In addition, as described in more detail in Item 6 below, Valterra's principals are entitled to receive performance-based allocations or fees from the Funds, in the form of a percentage of proceeds realized upon a liquidation event, as set forth in such Fund's Governing Documents. In addition, each Fund pays Valterra (or its designee) a fee in the amount of two percent (2.0%) of the aggregate capital contributions for work performed by Valterra with respect to the structuring of the Fund and the acquisition of the Portfolio Investment.

Valterra (or its affiliates) may, in its sole discretion, reduce, waive or calculate differently the fees with respect to certain investors, including members, partners, stockholders, directors, officers, affiliates or employees of Valterra, its affiliates, or the Funds, or such person's family members and trusts or other entities established for the benefit of such person or his or her family. Valterra may enter into "side letters" or similar agreements with certain investors in the Funds, granting such investors specific rights, benefits or privileges that are not made available to investors generally.

### *Deduction of Fees*

Valterra is authorized under the Governing Documents to charge and deduct fees directly from the assets of the Funds, at the times and in the amounts described above.

### *Other Fees and Expenses*

In addition to the management fees payable to Valterra and the performance allocations to the principals, each Fund (and, indirectly, the investors therein) will pay the expenses disclosed in the applicable Fund's Governing Documents. Each Fund pays for all costs and expenses that in the good faith judgment of the Manager are incurred by or arise out of the formation, operation or activities of the Fund and the Portfolio Investments, including but not limited to: (a) all out-of-pocket expenses incurred by or on behalf of the Manager or any affiliate(s) thereof in connection with the organization of the Fund and the offering of interests in the Fund and the Fund's investment in any Portfolio Investment (including fees and disbursements of attorneys, accountants and other professionals and other fees and expenses); (b) the costs and expenses incurred in connection with maintaining the organizational existence of the Fund and its investment in each Portfolio Investment; (c) fees

and expenses of administrators, custodians, outside counsel, consultants, accountants (including audit and certification fees) and other similar outside advisors in connection with the Fund and each Portfolio Investment; (d) any taxes, fees or other governmental charges levied against the Fund or on its income or assets or in connection with its business or operations; and (e) all other costs and expenses of the Fund or the Manager in connection with the Fund (such as repayment of amounts borrowed, costs of insurance, costs of litigation, liabilities, obligations, indemnification and costs of winding-up and liquidating the Fund).

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

### *Performance-Based Fees*

The Funds pay performance-based fees or allocations to Valterra's principals. Please refer to the Governing Documents of each Fund for more complete information on the performance-based compensation arrangements of each Fund. The performance-based fee arrangements discussed above comply with Rule 205-3 under the Investment Advisers Act of 1940, as amended (the "Advisers Act"), or fall within the exception set forth in Section 205(b)(5) thereof.

Performance-based fee arrangements may create an incentive for Valterra to invest in Portfolio Investments that may be riskier or more speculative than those that would be recommended under a different fee arrangement.

### *Side-by-Side Management*

The payment of performance-based compensation at varying rates may create an incentive for Valterra to disproportionately allocate time, services, or investment opportunities to those Funds subject to performance-based compensation. Valterra seeks to allocate investment opportunities fairly and equitably over time to the Funds to the extent such opportunities are appropriate for such Funds. In addition, Valterra and its affiliates may purchase on behalf of the Funds, different classes of equity of the same issuer. This may be deemed to create a conflict of interest because Valterra may be required to take certain actions for some clients with respect to one class of equity that may be adverse to other clients who hold other classes of equity of the same issuer. In addition, a conflict could exist to the extent Valterra or an affiliate has a proprietary interest in certain Funds or where Valterra's management persons have personal investments in certain Funds. Valterra may have an incentive to favor certain clients over others because of these factors. Valterra has procedures designed and implemented to ensure that all clients are treated fairly and equally, and to prevent these conflicts from influencing the allocation of investment opportunities among the Funds.

## **Item 7: Types of Clients**

Valterra provides advice to pooled investment vehicles. Investors in the Funds may include corporations, endowments, foundations, trusts, estates, family offices, high net worth individuals, and other institutional investors.

The Funds are offered in the United States to “accredited investors” as defined under Regulation D under the Securities Act and to “qualified clients” as defined in Rule 205-3 under the Advisers Act, and rely upon the exclusion provided in Section 3(c)(1) of the Investment Company Act, which permits a private investment company to sell its shares on a private placement basis so long as it limits its U.S. beneficial owners to no more than 100 permitted U.S. persons. These requirements are disclosed in each Fund’s Governing Documents.

Valterra may in the future provide investment management and supervisory services to separate account clients from time to time.

#### *Minimum Investment Requirements*

Investors in the Funds are generally required to make a minimum initial capital commitment of \$25,000, or such other amount as may be set forth in the Governing Documents of such Fund, although Valterra may accept lower amounts in its discretion.

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

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

Valterra’s investment strategy is a continuation of similar approaches and strategies successfully implemented by the Fund’s principal owners throughout their years of investing together. Valterra focuses on companies that operate adjacent to traditional core infrastructure assets with similarly defensible demand profiles. These businesses benefit from the same underlying macroeconomic drivers but have a larger operating component that can generate higher risk-adjusted returns. Core to Valterra’s investment philosophy is partnering with best-in-class management teams in businesses that have a strong existing platform and a compelling strategic plan to unlock growth. Valterra provides the financial and operational resources necessary to accelerate a company’s growth trajectory.

Valterra’s target investment size is \$25-100mm. For each investment, Valterra takes a flexible approach to investing, working hand-in-hand with existing stakeholders to develop a mutually agreeable investment structure. While Valterra’s investments can be structured as either majority or minority positions, Valterra always takes an active role in managing its positions through a hands-on governance approach. Post investment, Valterra works closely with management teams providing access to capital, strategic and operational expertise and access to a broad network of operating partners and industry contacts that can help transform a business into an industry leader. The following are certain core components of Valterra’s investment strategy:

- *Origination.* Valterra engages in macro and thematic work to identify target sectors with attractive trends, builds relationships to identify target investments and management team partners in its chosen sectors, and focuses on proprietary opportunities, while maintaining diverse banking relationships, particularly for follow-on opportunities.

- *Business Plan/Due Diligence.* Valterra undertakes a rigorous due diligence process to build and test all value levers, identifies all risks and develops plans to manage and mitigate such risks, builds a business plan to execute on value creation levers in the hold period, structures downside protection into the transaction, and develops governance roadmap with management to ensure active ownership and the ultimate exit strategy and milestones in the hold period.
- *Hold Period Value Creation.* Depending on the transaction structure, Valterra may build out a portfolio company's corporate infrastructure to ensure success of the business plan, scale with synergistic and strategically valuable acquisition opportunities once the initial platform is fully functional, and extract synergies and efficiencies from growing platform, or use catalyst capital to expand a portfolio company's existing platform. Both strategies require constant monitoring and augmenting of management and organizational capabilities as the portfolio company's platform scales.
- *Exit.* Once the business plan is majority executed, Valterra focuses on the ability to exit quickly and at maximum value.

### *Material Risks*

Although investments in the Funds may result in significant returns to investors, they also involve a substantial degree of risk. The Funds generally accept only investors that are able to bear the financial risk of the investment strategy for an indefinite period of time and are able to sustain the loss of all or a significant part of their investment.

Prospective investors in the Funds should carefully review the risks described in the Governing Documents for the relevant Fund, and should evaluate the merits and risks of an investment in the context of their overall financial circumstances. The risk factors below are not intended to be exhaustive and should be considered carefully by prospective investors together with the full text of the Governing Documents for the applicable Fund.

**Nature of Investment.** Investment in a Fund requires a long-term commitment, with no certainty of return. In the near-term, cash flow available to a Fund is likely to be limited. Most of a Fund's investments will be highly illiquid, and there can be no assurance that a Fund will be able to realize on such investments in a timely manner. Dispositions of such investments may require a lengthy time period or may result in distributions in kind to a Fund's investors. Generally, a Fund will not be able to sell these securities publicly except pursuant to a registration statement filed under the Securities Act or in accordance with Rule 144 of the Securities Act or another exemption.

**Uncertain Exit Strategies.** Due to the illiquid nature of the securities in which the Funds may acquire, Valterra is unable to predict with confidence what the exit strategy will ultimately be for any given position, or that one will definitely be available. Exit strategies which appear to be viable when an investment is initiated may be precluded by the time the investment is ready to be realized, due to economic, legal, political or other factors.



**Failure to Achieve Investment Objective.** There can be no assurance that a Fund will be able to achieve its targeted returns or its investment objectives. Any given investment made by a Fund may prove to be worthless. Investors in a Fund should be prepared and able to absorb a loss of some or all of the capital invested in a Fund.

**Long-Term Investments.** The return of capital and the realization of gains, if any, will generally occur only upon the partial or complete disposition of a Portfolio Investment. While a Portfolio Investment may be sold at any time, it is not generally expected that this will occur for a period of years after the initial investment. Prior to such time, there is unlikely to be a current return on the investments.

**Competition and Supply for Investments.** Valterra's success in investing will depend, in part, on its ability to obtain Portfolio Investments on advantageous terms. In purchasing investments, the Funds will compete with a broad spectrum of investors and institutions. Increased competition for, or a diminution in the available supply of, investments which meet a Fund's investment objectives could result in lower yields on such investments, which could reduce returns to investors.

**General Political, Market and Economic Conditions.** Present economic and market instability has negatively affected a wide range of financial institutions and markets, asset classes and sectors. The ability to successfully make and realize investments depends not only on the portfolio companies and their historical results and prospects, but also on current political, market and economic conditions. The trading market for the securities of any portfolio company may not be sufficiently liquid to enable a Fund to sell these securities when they believe it is most advantageous to do so, or without adversely affecting the prevailing price where a trading market has developed for the interest. The financial services industry generally and investment activities are affected by general economic and market conditions, including interest rates, availability of credit, lack of price transparency, inflation rates, economic uncertainty, changes in tax and other applicable laws and regulations, trade barriers, national and international and environmental and socioeconomic circumstances. Continued volatility in market or economic conditions, as well as the occurrence of significant political events, such as an outbreak or escalation of major hostilities, declarations of war, terrorist actions or other substantial national or international calamities or emergencies, could have a material adverse effect upon a Fund and the portfolio companies. In addition, the continued tight credit markets may hinder the ability of portfolio companies to refinance debt securities or sell new securities in the public and private debt markets or otherwise. Prospective investors should consider the long-term nature of an investment in a Fund and the potential exposure to such market risks over the term of a Fund before investing in a Fund.

**Inflation.** Inflation could affect Fund investments adversely in a number of ways. During periods of rising inflation, interest rates and dividend rates related to portfolio investments could increase, which would tend to reduce returns to the Funds and any underlying investors. In addition, inflationary expectations or periods of rising inflation could also be accompanied by the rising price movement of equity and other investments in the Funds. During periods of high inflation, capital could flee to other asset classes, which could adversely affect the prices at which the Fund will be able to sell its portfolio investments.

The market value of such investments/holdings is also subject to decline in value in times of higher inflation rates. Therefore, it should be noted that inflation and rapid fluctuations in inflation rates have had in the past, and will likely in the future have, negative effects on U.S. and non-U.S. economies and financial markets as a whole and not just on the Funds.

**Reliance on Management.** All decisions with respect to the management of the Funds and the investments of the Funds will be made by the Manager and/or its affiliates, and thus the investors must rely on the ability of the Manager and/or its affiliates to make appropriate investments for the Funds and to manage and dispose of such investments. In addition, the timing and form of distributions from the Funds will be subject to the discretion of the Manager. Investors will generally have no right or power to participate in the affairs or investment activities of the Funds or to replace the Manager. Accordingly, no person should purchase a limited liability company interest in a Fund unless such person is willing to entrust all aspects of the management of such Fund and the investments of such Fund to the Manager and/or its affiliates.

**Dependence on Key Personnel.** The success of the Funds will be highly dependent on the expertise and performance of Valterra's investment team. There can be no assurance that the members of the investment team will continue to be associated with the Manager of the Funds or any of their affiliates throughout the life of the Funds. The loss of certain of these individuals could have a significant adverse impact on the business of the Funds. Investors in the Funds may have no recourse in the event that any of these individuals ceases to perform services for the Funds. Investors are not expected to be permitted to withdraw investments in the Funds as a result of the departure of any one of the professionals responsible for the activities of the Funds.

**Projections.** Projected operating results of a company in which the Funds invest or intend to invest normally will be based primarily on financial projections prepared by such company's management, with adjustments to such projections made by Valterra in its discretion. In all cases, projections are only estimates of future results that are based upon information received from the company and any third parties and assumptions made at the time the projections are developed. There can be no assurance that the results set forth in any projections will be attained, and actual results may be significantly different than projections.

**Cybersecurity Risk.** As part of its business, Valterra processes, stores and transmits large amounts of electronic information, including information relating to the transactions of the Funds and personally identifiable information of the investors. Similarly, service providers of Valterra and the Funds may process, store and transmit such information. Valterra has procedures and systems in place to protect such information and prevent data loss and security breaches. However, such measures cannot provide absolute security. The techniques used to obtain unauthorized access to data, disable or degrade service, or sabotage systems change frequently and may be difficult to detect for long periods of time. Hardware or software provided by third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise information security. Network connected services provided by third parties to Valterra may be susceptible to compromise, leading to a breach of Valterra's network. Valterra's systems or facilities may be susceptible to employee error or malfeasance, government surveillance, or other security threats. Breach

of Valterra's information systems may cause information relating to the transactions of investors in the Funds and personally identifiable information of the investors to be lost or improperly accessed, used or disclosed.

The service providers of Valterra and the Funds are subject to the same electronic information security threats as Valterra. If a service provider fails to adopt or adhere to adequate data security policies, or in the event of a breach of its networks, information relating to the transactions of the Funds and personally identifiable information of the investors may be lost or improperly accessed, used or disclosed.

The loss or improper access, use or disclosure of Valterra's or the Funds' proprietary information may cause Valterra or the Funds to suffer, among other things, financial loss, the disruption of its business, liability to third parties, regulatory intervention or reputational damage. Any of the foregoing events could have a material adverse effect on the Funds and the investors' investments in the Funds.

**Borrowing Under Fund Credit Arrangements.** The Funds are permitted to borrow, subject to certain limitations set forth in the Funds' governing documents, including for the purpose of funding investments prior to the receipt of a capital contribution pursuant to a capital call notice. Under credit agreements that the Funds have entered into for such purpose, commitments are pledged to the lender to secure such loans and in the event obligations thereunder are not met, lenders may proceed to satisfy any such liability against the assets of the Funds, including issuing capital call notices to the respective Fund's limited partners up to the amount of any unfunded commitments. The use of leverage by the Funds also will result in interest expense and other costs to the Funds that may not be covered by distributions made to the Funds or appreciation of their investments.

**THE FOREGOING RISK FACTORS DO NOT PURPORT TO BE A COMPLETE EXPLANATION OF THE RISKS TO INVESTORS IN THE FUNDS. POTENTIAL INVESTORS MUST READ THE APPLICABLE GOVERNING DOCUMENTS, INCLUDING ALL ATTACHMENTS, AND MUST CONSULT THEIR OWN PROFESSIONAL ADVISORS, BEFORE DECIDING TO INVEST WITH VALTERRA.**

#### **Item 9: Disciplinary Information**

This Item requires Valterra to disclose legal or disciplinary events that would be material to a client's evaluation of Valterra's advisory business or the integrity of its management. Valterra has no information that is required to be disclosed in response to this Item.

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

Neither Valterra nor any management person is registered or has an application pending as a broker-dealer, registered representative of a broker-dealer, futures commission merchant, commodity pool operator, commodity trading advisor or an associated person of any of the foregoing entities.

Valterra, its affiliates, and their management persons may from time to time invest their own assets in securities or instruments in which Valtterra invests a Fund's assets. Valtterra, its affiliates, and their supervised persons may buy, sell, or hold securities or other investments for their own accounts while making different investment decisions, where applicable, for a Fund. It is expected that, if such investments are made, the size and nature of these investments will vary over time.

Employees of Valtterra and its affiliates may serve as officers, advisors, directors or in comparable management functions for certain Portfolio Investments. Valtterra's management will devote as much of their time to the activities of the Funds as they deem necessary and appropriate. Valtterra and its affiliates are not restricted from forming additional investment funds, from entering into other investment advisory relationships, including co-investments by certain investors, or from engaging in other business activities, even though such activities may be in competition with each of the Funds and/or may involve substantial time and resources of Valtterra, its management and or one or more of its affiliates. These activities could be viewed as creating a conflict of interest in that the time and effort of Valtterra and its officers and employees will not be devoted exclusively to the business of the Funds, but will be allocated between the business of the Funds and such other investment funds.

Other present and future activities of Valtterra and its affiliates may give rise to additional conflicts of interest. In the event that a conflict of interest arises, Valtterra will attempt to resolve such conflicts in a fair and equitable manner.

Valterra does not recommend or select other investment advisers for its clients or receive compensation from such advisers in a manner that would create a material conflict of interest. Valtterra does not have other business relationships with other advisers that create a material conflict of interest.

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

##### *Code of Ethics*

Valterra strives to adhere to the highest industry standards of conduct based on principles of professionalism, integrity, honesty and trust. In seeking to meet these standards, Valtterra has adopted a Code of Ethics (the "Code"), which applies to all "supervised persons" of Valtterra. Supervised persons includes all partners, officers, directors (or other persons occupying a similar status or performing similar functions), and employees of Valtterra, and other persons who provide investment advice on behalf of Valtterra and are subject to its supervision and control. The Code is reviewed and updated (if necessary) at least annually. The Code incorporates the following general principles that all of Valtterra's supervised persons are expected to uphold: supervised persons must at all times place the interests of clients first; all personal securities transactions must be conducted in a manner consistent with the Code and any actual or potential conflicts of interest or any abuse of a supervised person's position of trust and responsibility must be avoided; supervised persons must not take any inappropriate advantage of their positions; and information concerning the identity of

securities and financial circumstances of the Funds, including investors in the Funds, must be kept confidential. The Code also places restrictions on personal trades by supervised persons, including requiring that they disclose their personal securities holdings and transactions to Valterra on a periodic basis, and requires that supervised persons pre-clear certain types of personal securities transactions.

Valterra will provide a copy of its Code to any investor or prospective investor upon request.

#### *Participation or Interest in Client Transactions; Personal Trading*

On occasion, Valterra's supervised persons may buy and sell securities for themselves that they also recommend to the Funds. Valterra's supervised persons are investors in some of the Funds managed by Valterra. The Code contains policies and procedures designed to prevent improper practices with respect to such transactions, and compliance with the Code by Valterra and its supervised persons is the primary method employed by Valterra to address the conflicts of interest that arise with respect to these transactions.

While Valterra endeavors at all times to act in the best interests of the Funds, investors should be aware that Valterra's receipt of compensation from the Funds creates a potential conflict of interest with respect to such transactions.

#### **Item 12: Brokerage Practices**

As Funds invest primarily in private companies, Valterra anticipates that investments in publicly traded securities will be infrequent occurrences (e.g., money market instruments pending investment in a portfolio company, securities held as a result of initial public offerings of portfolio companies, going-private transactions, etc.). Valterra focuses on making investments in private securities, thus it does not engage in traditional brokerage transactions, utilize any soft dollar relationships with any broker, nor permit investors to stipulate the direction of brokerage. Also, as a private equity fund manager, Valterra does not aggregate the purchase or sale of securities across the Funds. In the unlikely event that a portfolio company becomes publicly traded, Valterra will develop and disclose appropriate procedures for trading, brokerage, soft dollars, trade aggregation, and any other trading or brokerage related issue relevant to Valterra at the time.

#### **Item 13: Review of Accounts**

##### *Review of Client Accounts*

The investment portfolios of the Funds are generally private, illiquid and long-term in nature, and accordingly, Valterra's review of them is not directed toward a short-term decision to dispose of securities. However, Valterra closely monitors the Portfolio Investments and performs periodic reviews of the Funds' portfolios. Such reviews are conducted by Valterra's investment professionals. Among other criteria, the portfolios are reviewed in the context of Valterra's adherence to the investment objectives and guidelines as set forth in the Governing Documents of each Fund.

##### *Reports to Clients*

Investors in the Funds typically receive quarterly written reports, although Valterra may provide certain investors with information on a more frequent and detailed basis if agreed to by Valterra. In addition, each Fund issues tax reports and audited financial statements to investors generally within 120 days of its fiscal year-end.

Investors should refer to the Governing Documents of the relevant Fund for further information on the reports provided by a particular Fund to its investors.

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

Valterra is compensated exclusively by the Funds for providing investment advice.<sup>1</sup>

Valterra may in the future enter into written agreements with and compensate broker-dealers or persons who are registered representatives of broker-dealers for referring investors to the Funds.

#### **Item 15: Custody**

Pursuant to Rule 206(4)-2 under the Advisers Act, Valterra is deemed to have custody of the assets held by the Funds as a result of its authority over the Funds. Each Fund with assets over which Valterra is deemed to have “custody” will be audited annually by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and will distribute such audited financial statements, prepared in accordance with U.S. generally accepted accounting principles, to investors no later than 120 days after the end of such Fund’s fiscal year. Investors should carefully review the audited financial statements of the Funds upon receipt, and should compare those statements to any information provided by Valterra.

Valterra’s investment program involves investments in Portfolio Investments. As such, Valterra generally will be exempt from the requirement that securities be maintained with a “qualified custodian.” Valterra anticipates that many of the investments will involve securities that are (i) acquired from the issuer in a transaction or chain of transactions not involving any public offering; (ii) uncertificated, and ownership thereof is recorded on the books of the issuer or its transfer agent in the name of the client; and (iii) transferable only with prior consent of the issuer or holders of the issuer’s outstanding securities.

To the extent that Valterra holds any publicly traded securities or securities which are otherwise ineligible for an exemption from the qualified custodian requirement, Valterra will maintain such securities with a qualified custodian in an account in the name of the Fund.

#### **Item 16: Investment Discretion**

Subject to the investment objectives, policies and restrictions of each Fund as set forth in the Governing Documents applicable to such Fund, Valterra has discretionary authority to

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<sup>1</sup> NTD: do the Funds use placement agents?

determine the type, amount and price of securities and investments to be bought and sold on behalf of each Fund for which it serves as discretionary investment manager.

#### **Item 17: Voting Client Securities**

The Funds are primarily invested in privately-held portfolio company investments which typically do not issue proxies; therefore, the traditional concept of voting of proxies and participation in class actions is not currently applicable to Valterra. The investment opportunities that Valterra seeks allow each Fund to have influence on the management, operations and strategic direction of the portfolio company in which it invests; through its majority interest and/or through its employees who sit as officers and directors on portfolio company boards. However, Valterra has, or will accept, authority to vote securities held by any Fund, should the situation arise. Valterra has adopted policies and procedures that have been designed to ensure that Valterra complies with the requirements of Rule 206(4)-6 and Rule 204-2(c)(2) under the Advisers Act, and reflect Valterra's commitment to vote all client securities for which it exercises voting authority in a manner consistent with the best interest of the client.

Valterra's general policy is to vote proxy proposals, amendments, consents or resolutions relating to client securities (collectively, "proxies"), in a manner that serves the best interests of the Funds, as determined by Valterra in its discretion, taking into account the following factors: (i) the impact on the value of the investments; (ii) the anticipated associated costs and benefits; (iii) the effect on liquidity; and (iv) industry and business practices. In limited circumstances, Valterra may refrain from voting proxies where it believes that voting would be inappropriate taking into consideration the cost of voting the proxy and the anticipated benefit to the Funds. Investors in the Funds may not direct Valterra's vote in a particular situation.

Prior to exercising its voting authority, Valterra will determine whether a material conflict of interest exists related to the proxy in question. If a material conflict is identified, Valterra will take steps to ensure that its voting decision is based on the best interests of the Fund and is not a product of the conflict. Depending on the particular circumstances involved, the appropriate resolution of one conflict of interest may differ from the resolution of another conflict of interest, even though the general facts underlying both conflicts may be similar or identical.

Investors may obtain a copy of Valterra's Proxy Voting Policy, as well as applicable proxy voting records, by sending a written request to the Chief Compliance Officer at the address set forth on the cover page of this Brochure.

#### **Item 18: Financial Information**

Valterra believes there is no financial condition that is reasonably likely to impact Valterra's ability to meet its contractual commitments to the Funds.

#### **Item 19: Requirements for State-Registered Advisers**

Not applicable.