

**CORDILLERA INVESTMENT PARTNERS, L.P.**

**PART 2A OF FORM ADV: FIRM BROCHURE**

**Cordillera Investment Partners, L.P.  
1 Letterman Drive, C3-950  
San Francisco, CA 94129  
[www.cordillera-ip.com](http://www.cordillera-ip.com)**

**March 2024**

**This brochure provides information about the qualifications and business practices of Cordillera Investment Partners, L.P. (the “Firm”). If you have any questions about the contents of this brochure, please contact Agustin “Gus” Araya, the Firm’s Chief Compliance Officer, at (415) 738-7944 or [compliance@cordillera-ip.com](mailto:compliance@cordillera-ip.com). 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.**

**Any reference to the Firm as a registered investment adviser does not imply a certain level of skill or training.**

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

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***Item 2: Material Changes***

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This is the annual amendment to Form ADV Part 2A for the year ending December 31, 2023. Since the last annual amendment filed on March 31, 2023, this Brochure has been updated to reflect the funds and opportunistic vehicles currently managed by the Firm, update risk disclosures and regulatory assets under management as of December 31, 2023.

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**Item 3: Table of Contents**

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	<b>Page</b>
<b>Table of Contents</b>	
1	
<i>Item 1: Cover Page</i> .....	1
2	
<i>Item 2: Material Changes</i> .....	2
3	
<i>Item 3: Table of Contents</i> .....	3
4	
<i>Item 4: Advisory Business</i> .....	4
5	
<i>Item 5: Fees and Compensation</i> .....	5
<i>Item 6: Performance-Based Fees and Side-by-Side Management</i> .....	9
10	
<i>Item 7: Types of Clients</i> .....	10
<i>Item 8: Methods of Analysis, Investment Strategies and Risk of Loss</i> .....	10
<i>Item 9: Disciplinary Information</i> .....	22
<i>Item 10: Other Financial Industry Activities and Affiliations</i> .....	22
<i>Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading</i> .....	22
23	
<i>Item 13: Review of Accounts</i> .....	23
<i>Item 14: Client Referrals and Other Compensation</i> .....	24
<i>Item 15: Custody</i> .....	24
24	
<i>Item 16: Investment Discretion</i> .....	24
<i>Item 17: Voting Client Securities</i> .....	25
25	
<i>Item 18: Financial Information</i> .....	25

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

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##### **Item 4.A.**

Cordillera Investment Partners, L.P. (“**Cordillera**” or the “**Firm**”), a Delaware limited partnership, was formed in July 2015 and became a registered investment adviser with the United States Securities and Exchange Commission (“**SEC**”) in April 2018. As indicated on the Firm’s Form ADV Part 1A, Agustin “Gus” Araya, Chris Heller and Ashley Marks are the Firm’s principal owners. Cordillera Investment Partners, LLC serves as the Firm’s general partner.

##### **Item 4.B.**

The Firm is an investment management firm that provides advisory services on a discretionary basis to a number of privately offered pooled investment vehicles (collectively, the “**Funds**” and each a “**Fund**”). Currently, Cordillera manages private equity Funds, each of which is a Delaware limited partnership: Cordillera Investment Fund I, L.P., Cordillera Investment Fund I-B, L.P., Cordillera Investment Fund II, L.P., Cordillera Investment Fund III, L.P., Cordillera Investment Fund III-B, L.P., and Cordillera Whiskey Fund, L.P. (the “**Whiskey Fund**”). Cordillera also manages a hedge Fund, the Cordillera Royalty & Income Fund, LP, a Delaware limited partnership (the “**Royalty and Income Fund**”). In addition to the Funds, Cordillera manages co-investment and opportunistic vehicles (“**Opportunistic Vehicles**” and together with the Funds, the “**Advisory Clients**” and each an “**Advisory Client**”), each a Delaware limited partnership, which generally have participated in certain investments alongside the Funds. As of December 31, 2023, Cordillera managed the following Opportunistic Vehicles: Cordillera Crystallex Co-Investment Fund, L.P., Cordillera Crystallex Co-Investment Fund II, L.P., Cordillera Spectrum Co-Investment, L.P., Cordillera Spectrum Co-Investment II, L.P., Cordillera Suntex Co-Investment II, L.P., Cordillera ECP Co-Investment, L.P., Cordillera Environmental Assets Co-Investment, L.P., Cordillera Media & IP Co-Investment, L.P., Cordillera Media & IP Co-Investment II, L.P., Cordillera Media & IP Co-Investment III, L.P., Cordillera GSC Co-Investment, L.P., Cordillera High Band Co-Investment, L.P., Cordillera C-Band Co-Investment, L.P., Cordillera GSC Co-Investment II, L.P., and Cordillera Media & IP IV, L.P. Cordillera also serves as sub-adviser to a hedge Fund, the Cordillera Environmental Emissions Fund, LP, a Delaware limited partnership (the “**Environmental Emissions Fund**”), which serves as a feeder fund and conducts all of its investment activities through Global Emissions Fund, LP, a Cayman Islands exempted limited partnership, pursuant to a master-feeder structure. In the future, Cordillera may form additional funds, including feeder and parallel funds, opportunistic vehicles and special purpose vehicles.

Each of Cordillera Investment Partners GP I, LLC, Cordillera Investment Partners GP II, LLC, Cordillera Investment Partners GP III, LLC, Cordillera Royalty & Income Fund GP, LLC, Cordillera Environmental Emissions Fund GP, LLC, and Cordillera Whiskey Fund GP, LLC (each an “**Affiliated General Partner**” and, collectively, the “**Affiliated General Partners**”) serves as the general partner of its respective Advisory Clients. Each of the Affiliated General Partners is a related person of Cordillera and is under common control with Cordillera. While each Affiliated General Partner retains management authority over the business and affairs, including investment decisions, of its respective Advisory Client, Cordillera has been delegated the role of investment adviser.

Cordillera offers co-investment and opportunistic deals to Fund investors interested in participating in any such opportunity. Decisions regarding whether and to whom to offer co-investment and opportunistic deals, the amount of the investment opportunities to offer, as well as the applicable terms, are made in the sole discretion of Cordillera or its related persons or other participants in the applicable transactions, such as co-sponsors. As such, co-investment and opportunistic deals may be offered to some and not other Fund

investors, in the sole discretion of Cordillera or its related persons, and certain persons other than Fund investors, will, from time to time be offered co-investment opportunities, in the sole discretion of Cordillera or its related persons. Co-investment and opportunistic deals typically are expected to involve investment and disposal of interests in the applicable investment opportunities at the same time and on the same terms as the relevant Fund making the investments.

Cordillera does not limit its investment advice to only certain types of investments. Please see Item 8.A. for additional information regarding the Firm's investment strategy.

**Item 4.C.**

Cordillera's investment management and advisory services to Advisory Clients are provided pursuant to the terms of the applicable private placement memorandum, offering documents or governing documents and Advisory Client investors cannot obtain services tailored to their individual specific needs.

**Item 4.D.**

Cordillera does not participate in a wrap fee program.

**Item 4.E.**

As of December 31, 2023, Cordillera manages approximately \$1,572,528,972 in regulatory assets under management on a discretionary basis. Cordillera does not intend to manage any Advisory Client assets on a non-discretionary basis.

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

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**Item 5.A.**

Cordillera is generally compensated for its advisory services through asset-based management fees. Each Fund (except for the Royalty and Income Fund, the Whiskey Fund, and the Environmental Emissions Fund) will be assessed an annual management fee, which is payable quarterly in advance to the Firm or the designated Affiliated General Partner, in an amount of up to 1.25% per annum during the initial term, starting with a base of capital commitments, and stepping down to a base of the lower of cost and fair market value at the earlier of the end of the commitment period and when a successor fund begins to pay management fees. The management fee is pro-rated on a daily basis if the effective date is on a date other than the first day of a calendar quarter.

Subject to the terms and limitations set forth in the applicable governing documents of each Fund (except for the Royalty and Income Fund, the Whiskey Fund, and the Environmental Emissions Fund), including periodic clawback obligations, Cordillera and/or the respective Affiliated General Partner generally is entitled to receive carried interest distributions equal to 10% of net profits derived from the disposition of investments (following a return of capital contributions attributable to disposed assets and a preferred rate of return of 8% per annum to investors).

Investors in the Royalty and Income Fund are subject to a quarterly management fee payable in arrears in an amount of up to 1.25% per annum based on an Investor's quarterly opening account balance plus the pro-rated amount of any intra-quarter contributions made by an Investor during the applicable quarter. Subject to the terms and limitations set forth in the applicable governing documents for the Royalty and Income Fund, Cordillera and/or the Royalty and Income Fund's General Partner is entitled to receive carried

interest distributions equal to 10% of the revenues (e.g., interest dividends, net gains from sale or disposition of investments, unrealized gain, and other income) for the fiscal year end as provided in the Royalty and Income Fund's governing documents.

Investors in the Whiskey Fund are subject to a quarterly management fee payable in advance in an amount of up to 1.25% per annum starting with a base of capital contributions, and stepping down to a base of the lower of cost and fair market value at the earlier of the end of the commitment period and when a successor fund begins to pay management fees. The management fee is pro-rated on a daily basis if the effective date is on a date other than the first day of a calendar quarter.

Investors in the Environmental Emissions Fund are subject to a quarterly management fee payable in advance in an amount of up to 1.25% per annum based on an Investor's quarterly opening account balance plus the pro-rated amount of any intra-quarter contributions made by an Investor during the applicable quarter. The management fee is paid at the master fund level, and it is earned collectively by Cordillera, as sub-adviser, and the investment adviser to the Environmental Emissions Fund. Subject to the terms and limitations set forth in the applicable governing documents for the Environmental Emissions Fund, the Environmental Emissions Fund's General Partner and investment adviser are collectively entitled to receive a performance allocation equal to 10% of the net realized and unrealized profits (if any) for the fiscal year end as provided in the Environmental Emissions Fund's governing documents.

With respect to the Opportunistic Vehicles, the management fees payable to Cordillera and/or the Opportunistic Vehicle's respective Affiliated General Partner, typically ranges from 0% to 1.0% per annum of the commitment of each investor of the Opportunistic Vehicle. Additionally, subject to the terms and limitations set forth in the applicable governing documents of the respective Opportunistic Vehicle, Cordillera and/or the Opportunistic Vehicles' Affiliated General Partner generally are entitled to receive carried interest distributions from the Opportunistic Vehicles ranging from 3% to 10%.

The management fees and carried interest distributions are generally not negotiable; however, Cordillera, in its sole discretion, may waive or modify the management fees or carried interest distributions for certain investors as set forth in the applicable offering and governing documents.

***It should be noted that any new Advisory Client launched by Cordillera may have materially different terms than those summarized above.***

#### **Item 5.B.**

Except for the Environmental Emissions Fund, management fees are typically funded with capital contributions drawn for such purpose, but may also be funded with or withheld from proceeds from portfolio investments. Carried interest distributions generally will be distributed to the applicable Cordillera entity from time to time upon the disposition of portfolio investments by an Advisory Client and are distributed to such Cordillera entity in accordance with the terms of the applicable governing documents.

#### **Item 5.C.**

Cordillera and each Affiliated General Partner shall bear all of their own operating, general, administrative, and overhead costs and expenses incurred in managing the Advisory Clients including salary and wages, rent, and expenditures for equipment.

#### *Fund Expenses*

Each Fund is responsible for all costs and expenses incurred by or on behalf of the Fund or for its benefit. Such costs and expenses generally include, but are not limited to, (a) all costs and expenses associated with

negotiating and entering into contracts and arrangements in the ordinary course of the Fund's business, (b) all costs and expenses related to due diligence for prospective investments, whether or not consummated, and managing, monitoring, administering, and overseeing portfolio investments (including, without limitation, travel and travel related expenses, including first class and chartered travel, car transportation, lodging and other accommodations with respect to portfolio investments and prospective investments, whether or not consummated, and credit checks, background checks and similar investigations with respect to prospective investments, whether or not consummated and including legal expenses incurred in connection with claims or disputes related to unconsummated or proposed investments), (c) all interest on and other expenses related to any Fund borrowings, bridge financing, commitment, origination, and similar fees and expenses, (d) all expenses relating to the investment of the Fund's capital (including, without limitation, custodial, brokerage and finder's fees and commissions), (e) all costs and expenses of any meetings of the investors (including meetings held telephonically and via webcast and meals and entertainment at such meetings), (f) all costs and expenses of the Limited Partners Advisory Committee ("LPAC"), including meetings of the LPAC (including meetings held telephonically and via webcast and meals and entertainment at such meetings), and other reasonable out-of-pocket costs, (g) all costs and expenses incurred for the purposes of protecting and enhancing the value of the Fund's assets (including, without limitation, the costs of instituting or defending lawsuits), (h) all administration, bookkeeping, recordkeeping (including maintaining the books and records of the Fund, including related internal costs that the Cordillera may incur to produce any such books and records), legal, accounting, auditing, tax preparation and all professional, subject matter and industry matter expert and consulting fees and expenses arising in connection with the Fund's activities, including, without limitation, fees and expenses of counsel for the Fund, the Affiliated General Partner or one or more officers or managers of the Affiliated General Partner for legal services for the benefit of the Fund, service contracts related to on-line research and other information services (including data and information service subscriptions, related systems and services from data providers and data management software), portfolio management and quotation services and equipment (including computer hardware and software related thereto), third party diligence software, information technology, system expenses (including the costs of developing, implementing and maintaining computer software and hardware and other technological systems for the benefit for the Fund and the investors, or an investment or potential investment), and all fees, costs and expenses of accounting, bookkeeping and recordkeeping services of the Fund's administrator or any similar service provider retained by the Affiliated General Partner to assist it in performing these services for the Fund, (i) all fees, costs and expenses of communicating with investors (including, without limitation, communications costs, the costs of printing and distributing offering materials, subscription materials, reports and notices, legal and accounting fees and expenses and governmental and self-regulatory agency filing fees, costs and expenses), (j) all costs and expenses of investing the Fund's assets indirectly, such as through a partnership or other entity, such as a master fund, holding vehicle or joint venture, including the Fund's proportionate share of the costs and expenses of organizing and operating such a master fund, holding vehicle or joint venture, (k) all premiums and other costs and expenses of insurance policies as the Affiliated General Partner or the Firm considers appropriate, including, without limitation, such policies as to insure the Fund, the Affiliated General Partner, the Firm and their affiliates against liabilities that may arise in connection with the business or management of the Fund or any portfolio investment, and cybersecurity insurance premiums, (l) expenses related to attending trade association meetings, conferences or similar meetings in connection with the evaluation of investment opportunities or business sector opportunities (including the evaluation of potential investments, regardless of whether such investment is ultimately consummated) and risk management assessment expenses, (m) any contingencies for which the Affiliated General Partner determines reserves are required, (n) any extraordinary expenses (including, without limitation, fees and expenses associated with any pending or threatened litigation, audit, investigation, administrative or other proceedings), (o) all legal, tax preparation, accounting and appraisal fees and expenses (including, without limitation, the fees and expenses of counsel for the Affiliated General Partner, the Firm or their affiliates) arising in connection with the Fund's business, (p) all taxes and other governmental charges, fees and duties and any related interest and penalties (other than amounts that are reimbursed or paid by, or that offset and reduce distributions to, any Investor) and (q) all regulatory and compliance costs and expenses which are

directly related to the affairs of the Fund, including, without limitation, completion and submission of Form PF, Form ADV, and compliance by the Fund with the Investment Advisers Act of 1940, as amended, (the “**Advisers Act**”), the AIFMD, and any other applicable law, regulation, rule, order, directive or opinion issued or implemented by any governmental authority or agency.

Each Fund is responsible for its organizational expenses, including all fees (including legal, accounting, consulting and financial advisory fees, but excluding placement agent fees) and out-of-pocket costs and expenses of and incidental to organizing the Fund and any parallel funds and offering and selling interests in the Fund and any parallel funds (including any stamp duty or transfer taxes, travel costs (including first class and chartered travel), printing costs and the cost of governmental and agency filings).

Cordillera seeks to allocate any expenses that are shared by more than one Fund in a manner that is fair and equitable, taking into consideration all relevant factors, including, without limitation, the relevant benefit to each such Fund derived from such expenses. With respect to any expenses attributable to one or more Funds and the Firm, Cordillera seeks to allocate such expenses fairly, taking into consideration factors including (but not limited to): (i) the extent of the utilization by each Fund and Cordillera of the services associated with the expense; (ii) the relative benefit to each Fund and Cordillera that is derived from the expense; and (iii) the association of the expense with a legal, contractual, or other obligation of one or more of the Funds and Cordillera.

#### *Opportunistic Vehicle Expenses*

Investors in an Opportunistic Vehicle will typically bear all expenses related to its organization and formation and other expenses incurred solely for the benefit of the Opportunistic Vehicle. An Opportunistic Vehicle will generally bear its pro rata portion of expenses incurred in the making of an investment. If a proposed transaction is not consummated, no such Opportunistic Vehicle generally will have been formed, and the full amount of any expenses relating to such proposed but not consummated transaction (“**Dead Deal Costs**”) would therefore be borne by the applicable Fund (including reverse termination fees, extraordinary expenses such as litigations costs and judgements and other expenses). Furthermore, if a proposed transaction is not consummated and an Opportunistic Vehicle has been formed for the purpose of making an investment in such proposed transaction (or co-investor(s) have otherwise committed to invest in the proposed transactions), some or all of the Dead Deal Costs may be borne solely by the applicable Fund, and not by the Opportunistic Vehicle or other co-investor(s) to which the deal was offered. Similarly, Opportunistic Vehicles are not typically allocated any share of break-up fees paid or received in connection with such an unconsummated transaction. To the extent an Opportunistic Vehicle is formed in connection with a proposed transaction, expenses relating to such Opportunistic Vehicle may, in certain situations, be borne by the applicable Fund, regardless of whether such proposed transaction is consummated.

#### *Other Fees*

While uncommon, Cordillera and its affiliates may perform transaction-related, financial advisory, monitoring and other services for, and receive fees from, actual or prospective portfolio companies or other investment vehicles of the Advisory Clients, including fees in connection with structuring investments in such portfolio companies, as well as mergers, acquisitions, add-on acquisitions, refinancings, public offerings, sales or other dispositions and similar transactions with respect to such portfolio companies. Cordillera and its affiliates may also receive fees in connection with serving on the board of directors of a portfolio company and in connection with an unconsummated transaction (all such fees, the “**Other Fees**”). Although Other Fees are in addition to Cordillera’s management fees, Cordillera will, to the extent described in the applicable governing documents, reduce the amount of management fees paid by investors in connection with the receipt of such Other Fees.



### *Operating Support Providers*

Cordillera and/or the Affiliated General Partners and the portfolio companies are authorized to retain other companies and individuals (“**Operations Support Providers**”), which may be affiliates of Cordillera and/or the Affiliated General Partners, employees of Cordillera and/or the Affiliated General Partners, portfolio companies of Advisory Clients, third party consultants (including specialized consultants, external executives, and industry advisory roundtable members), “operating partners” or “senior advisors”. The Operations Support Providers are engaged to provide operational support, specialized operations and consulting services and similar or related services to, or in connection with, one or more portfolio companies in relation to the identification, acquisition, holding, improvement and disposition of such portfolio companies (“**Operations Support Services**”). These services may be high-level insight or extensive day-to-day roles, and may include support to the General Partner or portfolio companies. Operations Support Providers may be offered the ability to co-invest alongside Funds, including in investments in which such Operations Support Provider is involved or participates in the management thereof.

Fees and expenses associated with Operations Support Services (“**Operations Expenses**”) may be paid and/or reimbursed by portfolio companies and/or an Advisory Client. To the extent any Operations Expenses are payable to any affiliated Operations Support Provider by an Advisory Client or a portfolio company, such Operations Expenses will not reduce any fees otherwise payable to Cordillera or its Affiliated General Partner. Over time, certain existing and former employees of Cordillera (including senior personnel) may transition to an Operations Support Provider role, which may shift the burden of compensation of such persons from Cordillera to the Advisory Client and/or its portfolio companies.

### *Brokerage Fees*

The investment strategies employed with respect to the Advisory Clients generally do not involve the purchase or sale of publicly offered securities, and as such, do not typically entail expenses related to brokerage commissions. To the extent applicable, each Advisory Client generally is responsible for and pays any of its custodial fees and expenses. See Item 12 below.

#### **Item 5.D.**

Advisory Clients will pay a management fee in advance as set forth in Item 5.A. above.

#### **Item 5.E.**

Not applicable. Cordillera or its supervised persons are not compensated for the sale of securities or other investment products and mutual funds.

***It is important that investors refer to the relevant governing documents for a complete understanding of expenses and fees they may pay through an investment in the Advisory Clients. The information contained herein in this Item 5 is a summary only and is qualified in its entirety by such documents.***

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

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As noted under Item 5 above, Cordillera and/or an Affiliated General Partner generally is entitled to receive performance allocation and/or carried interest distributions with respect to applicable Advisory Clients. As a fiduciary, Cordillera recognizes that it must treat all Advisory Clients fairly and must refrain from favoring one Advisory Client’s interests (or Cordillera’s own interests) ahead of another Advisory Client(s).

Differences in performance-based fees, particularly if some Advisory Clients would pay higher performance-based fees, creates an incentive for Cordillera to direct the best investment ideas to, or allocate investments in favor of, the account that pays the higher performance-based fee. To alleviate potential conflicts of interest, Cordillera has generally structured its Advisory Clients to avoid overlapping investment scopes, although some overlap may occur. In general, Cordillera attempts to address any material conflicts through full and fair disclosure in the applicable governing documents. Additionally, the allocation of investments with respect to each Advisory Client are made by Cordillera in a manner that it considers fair and equitable to each Advisory Client relative to the other Advisory Client over time, taking into account all relevant facts and circumstances.

Performance-based fees could motivate Cordillera to make investment decisions that are riskier or more speculative than would be the case if these arrangements were not in effect. For example, a carried interest distribution generally entitles Cordillera to a percentage of the net profits of an Advisory Client; however, such affiliate is not required to bear the same proportion of the net losses, if any, suffered by the Advisory Client as a whole. Cordillera generally attempts to mitigate conflicts of interest associated with carried interest distributions through: (i) the requirement that invested capital, a preferred return and expenses be returned to investors before Cordillera is entitled to receive any carried interest distributions; and (ii) the periodic clawback obligations of Cordillera.

In general, Cordillera attempts to address any material conflicts through full and fair disclosure in the applicable offering documents and this brochure, together with disclosures to the applicable advisory boards, as applicable.

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

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Cordillera provides discretionary investment advice solely to Advisory Clients, as described in Item 4.B. above.

Investors are generally “accredited investors” within the meaning of Rule 501(a) under the Securities Act of 1933, as amended, and are generally either “qualified purchasers” within the meaning of Section 2(a)(51) under the Investment Company Act of 1940, as amended, or “qualified clients” within the meaning of Rule 205-3 under the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”).

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

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##### **Item 8.A.**

Cordillera’s objective is to invest in niche, non-correlated assets by targeting sectors that have not yet become mainstream or overcrowded among institutional investors. These strategies that are not yet institutionalized (“pre-institutional”) are generally in alternative sectors that are not overcapitalized, are not well understood, don’t fit neatly into traditional asset classes, and may be more nascent.

Cordillera is expected to invest Advisory Client assets through a variety of structures including directs (co-investments and joint ventures) and other private investment funds (“**portfolio funds**”). Often times, when Cordillera invests through a fund structure, Cordillera will be the founding institutional investor and will play a critical role in establishing the fund, including setting the strategy, negotiating the fund’s key terms, implementing a back-office for the fund, and structuring the vehicle. In return, Cordillera receives

compelling “founder’s” economics. Cordillera is generally agnostic to the specific structure as long as it is appropriate for the given opportunity.

The Firm has identified a number of areas of focus, each with multiple sub-components, that are relevant to the Fund’s strategy. These areas of focus include specialty resources, specialty finance, specialty real estate, and specialty assets. Cordillera expects that this set of opportunities will evolve over time, with those that become more mainstream and overcapitalized removed, and new pre-institutional opportunities added.

#### **Item 8.B. and Item 8.C.**

All securities investments risk the loss of capital. No guarantee or representation is made that Advisory Clients will achieve their investment objectives or that an Advisory Client investor will receive a return of its capital. Making an investment in an Advisory Client is speculative and such an investment is not intended as a complete investment program. An investment in Advisory Clients is designed for sophisticated persons who are able to bear the economic risk of the loss of their investment in the Advisory Clients and who have a limited need for liquidity in their investment. In addition, there will be occasions when Cordillera may encounter potential conflicts of interest in connection with Advisory Clients.

In evaluating whether to make an investment in the Advisory Clients, potential investors should consider all information contained in the respective Advisory Client’s offering documents, including the considerations and risk factors set forth in the relevant offering documents.

*Investment Risks.* Markets in which Advisory Clients’ portfolio investments are bought and sold fluctuate and the market value of any particular investment may vary substantially. An Advisory Client’s investment portfolio may not generate any income or appreciate in value. There is a risk that an investor could suffer a complete loss of its entire investment in an Advisory Client.

There can be no assurance that any currently expected deal flow trends will continue in the future, that any particular deal flow will be available to or provided to an Advisory Client, or that an Advisory Client will ultimately be able to consummate investments at the rates and on the timeline described herein. In addition, there can be no assurance that any exit opportunities will ultimately be consummated as planned.

*Concentration of Investments.* The Firm anticipates that an Advisory Client’s investment portfolio (on account of size and other considerations) likely will be confined to relatively few portfolio investments. If an Advisory Client concentrates its investments in several, relatively large portfolio investments or industries relative to its capital, a loss in any one investment or a downturn in any one industry could reduce the Advisory Client’s performance materially.

*Economic Conditions.* Changes in economic conditions, including, for example, interest rates, credit availability, inflation rates, industry conditions, government regulation, competition, technological developments, political and diplomatic events and trends, tax and other laws and innumerable other factors, can affect an Advisory Client’s investments and, as a result, the Advisory Client’s prospects, materially and adversely. None of these conditions is within the Firm’s control, and it may not anticipate these developments. These factors may affect the volatility of investment prices and the liquidity of the Advisory Clients’ investments. Unexpected volatility or illiquidity could impair an Advisory Client’s profitability or result in losses.

*Financial Institution Risk; Distress Events.* An investment in an Advisory Client is subject to the risk that one of the Advisory Client’s banks, brokers, hedging counterparties, lenders, or other custodians of some or all of the Advisory Client’s assets (each, a “**Financial Institution**”) fails to perform its obligations or

experiences insolvency, closure, receivership, or other financial distress or difficulty (each, a “**Distress Event**”). Distress Events can be caused by factors including eroding market sentiment, significant withdrawals, fraud, malfeasance, poor performance, or accounting irregularities. In the event a Financial Institution experiences a Distress Event, the Firm and/or the Advisory Clients may not be able to access deposits, borrowing facilities, or other services for an extended period of time or permanently. Although assets held by regulated financial institutions in the United States frequently are insured up to stated balance amounts by organizations such as the Federal Deposit Insurance Corporation (“**FDIC**”), in the case of banks, and the Securities Investor Protection Corporation (“**SIPC**”), in the case of certain broker-dealers, amounts in excess of the relevant insurance are subject to risk of loss, and any non-U.S. financial institutions that are not subject to similar regimes pose increased risk of loss. Although in recent years governmental intervention has resulted in additional protections for depositors, there can be no assurance that governmental intervention will be successful or avoid the risk of loss, substantial delays, or negative impact on banking or brokerage conditions or markets.

Any Distress Event has a potentially adverse effect on the ability of the Firm to manage the Advisory Clients and their investments, and on the ability of the Firm and/or Advisory Clients to maintain operations, which in each case could result in significant losses and unconsummated investment acquisitions and dispositions. Such losses can include an Advisory Client being required to pay fees and expenses in the event the Advisory Client is unable to close a transaction (whether due to its inability to draw capital on a credit line provided by a financial institution experiencing a Distress Event, the inability of investors to make capital contributions, or otherwise), as well as the inability of an Advisory Client to acquire or dispose of investments at prices that the relevant General Partner believes reflect the fair value of such investments. Although the Firm expects to exercise contractual remedies under the agreements with Financial Institutions in the event of a Distress Event, there can be no assurance that such remedies will be successful or avoid losses or delays.

*Innovative Investments; Correlation with Other Asset Classes.* Innovative alternative investments are each exposed to a unique set of micro factors that present potential risks. These can include weather, longevity, climate change, and regulation in a particular industry or area. Some of these micro factors are desirable to mitigate, for example by hedging a specific crop or buying insurance. However, the Firm’s strategy is to seek out investments that are exposed to a set of factors that are different from those generally associated with traditional asset classes, and then to select opportunities that offer the best overall risk-adjusted returns. These differentiated factors are what create the opportunity to earn return while increasing diversification. Thus, it is appropriate that some of these unique risks and drivers will not be avoided. In addition, some innovative alternative strategies and managers have limited track records.

There can also be no assurance that an Advisory Client’s returns will not be correlated with the returns of other asset classes, including mainstream alternative investments or the public markets.

*Investment in Portfolio Funds: Partnerships, Joint Ventures and Other Entities.* Certain Advisory Clients will make investments through portfolio funds (typically, partnerships), joint ventures or other entities. Such investments may involve risks not present in direct investments, including, for example, the possibility that a co-venturer or partner of the Advisory Client might become bankrupt, or may at any time have economic or business interests or goals which are inconsistent with those of the Advisory Client, or that any such co-venturer or partner may be in a position to take action contrary to the Advisory Client’s objectives. Furthermore, if such co-venturer or partner defaults on its funding obligations, it may be difficult for the Advisory Client to make up the shortfall from other sources. The Advisory Client may be required to make additional contributions to replace such shortfall, thereby reducing the diversification of its investments. Any default by such co-venturer or partner could have an extremely deleterious effect on an Advisory Client, its assets and the interests of its investors. In addition, an Advisory Client may be liable for the actions of its co-venturers or partners. The Firm will attempt to limit the liability of the Advisory

Clients by reviewing the qualifications, previous experience and financial information of co-venturers or partners.

*Investments in Portfolio Funds May Also be Subject to Multiple Levels of Fees and Expenses.* Although in most cases the portfolio funds and other investments in which an Advisory Client invests are difficult for investors to access directly, an investor who meets the conditions imposed by and has access to such securities may be able to invest directly in such securities. By investing in the portfolio funds directly and in securities of the portfolio funds indirectly through an Advisory Client, an investor may be charged fees (including asset-based and performance-based fees) by both the portfolio funds and the Advisory Client. In addition to bearing fees at two levels, an investor in an Advisory Client may bear its share of the transaction related expenses and other operating costs of both the Advisory Client and the portfolio funds.

*Investments in Portfolio Funds: Access to Information and Control of Portfolio Managers.* The Firm generally requests information from each manager of a portfolio fund regarding the manager's historical performance and investment strategy. The Firm also generally requests detailed portfolio information on a continuing basis from each manager of a portfolio fund. However, Cordillera may not always be provided with such information because certain of this information may be considered proprietary information by the particular manager. This lack of access to information may make it more difficult for Cordillera to select, allocate among, and evaluate managers.

*Private Equity.* Investment in private equity involves many of the same types of risks associated with an investment in any operating company. However, securities issued by portfolio funds which themselves invest in private equity investments may be more illiquid than securities issued by other portfolio investments generally, because these partnerships' underlying investments may tend to be less liquid than other types of investments. Attractive investment opportunities in private equity may arise only periodically, if at all.

*Special Situations.* An Advisory Client and portfolio funds may invest in companies involved in (or the target of) acquisition attempts or tender offers or in companies involved in work-outs, liquidations, spin-offs, reorganizations, bankruptcies and similar transactions. Because there is substantial uncertainty concerning the outcome of these transactions involving financially troubled companies, there is a potential risk that an Advisory Client may lose some or all of its investment.

*Equity Securities.* An Advisory Client may invest, directly or indirectly, in equity and equity-related securities, which may or may not be publicly traded. Equity securities fluctuate in value in response to many factors, including the activities and financial condition of individual companies, the business market in which individual companies compete, industry market conditions, interest rates and general economic environments.

*Natural Resources.* An Advisory Client may invest, directly or indirectly, in natural resources related sectors such as agriculture, water, energy, mining, and timber, among others. Natural resources related investments may be subject to various risks including volatility of commodity prices, political conditions in producing regions, changes in demand, changes in supply, substitution by other products, changes in environmental regulation, weather, and natural disasters. The production and marketing of commodities, energy and natural resources may be affected by actions and changes in governments and may be subject to broad price fluctuations. Some of these companies may also be subject to the risks of mining and oil drilling, and the risks of other hazards, such as fire and drought, as well as, construction risks, costs of pollution and waste disposal, and general project and operating risks. Furthermore, certain natural resources are geographically concentrated, and political and other events in those parts of the world may affect their values. The natural resources industries are extensively regulated, which could lead to increased costs, penalties or fines or adversely affect investments in these industries. An Advisory Client may invest in projects that require development and which may not produce income for several years. Development

projects may be subject to several risks, including regulatory approvals, unanticipated delays, and increased expenses. An Advisory Client may invest in certain assets in which estimates of reserves and resources are important factors in determining their value. These estimates are subject to significant variability driven by changes in commodity prices and the expected cost of extraction. Thus it is possible that reserve estimates may be incorrect or need to be revised, which may adversely affect the value of investments made by an Advisory Client. Securities issued by portfolio funds or operating companies investing in natural resources investments may be more illiquid than securities issued by other portfolio funds or operating companies generally because these investments may tend to be less liquid by their terms than other types of investments.

*Carbon Markets.* An Advisory Client may hold and/or invest in carbon credits in California and/or other markets, as well as derivatives and/or futures related to carbon credits. Such investments would cause the Advisory Client to be subject to the risks described below at “Regulatory Risks of Carbon Markets” and “Carbon Credit Trading”, in addition to the risks of holding any derivatives and/or futures themselves (see “Options, Futures and Other Derivatives” below in this section).

Unlike traditional securities and commodities (e.g., oil and gas) markets, carbon markets are unique because the primary driver of demand is the existence of a regulatory framework imposing legal obligations or incentives that drive market participation, for example the obligation on certain operating entities that need to procure allowances or offsets to comply with law and establishing a market for the sale and purchase of such carbon credits, including offsets, in which the Advisory Client may directly or indirectly invest. Accordingly, and as international experience has previously demonstrated, carbon markets are sensitive to regulatory developments and prices can vary widely based on governmental decisions, inaction or change in policies.

*Regulatory Risks of Carbon Markets.*

*Future Legislation and Extension of Cap-and-Trade Beyond 2030.* Assembly Bill 398 extends the California cap-and-trade program (the “Cap-and-Trade Program”) through 2030, but does not provide for the Cap-and-Trade Program’s existence past 2030. If the California legislature does not extend the Cap-and-Trade Program again prior to 2030, the Cap-and-Trade Program could expire, along with the obligation on compliance entities (operating companies that are in the market to buy or sell allowances) to surrender offsets. In addition, future legislation could materially change the design and features of the Cap-and-Trade Program, which could impact the supply or demand and prices of offsets.

*Changes to Carbon Regulations.* Carbon regulations include a number of design features that will have a significant impact on carbon market prices, including the number of allowances available in the marketplace, the allocation of allowances for free distribution, banking or holding allowances and offsets through different compliance periods, limits on the use of offsets for compliance obligations, various protocols pursuant to which offsets are issued and the circumstances under which offsets may be invalidated. Each of these design features would materially and adversely impact prices of offsets and the ability of the Advisory Client to meet its objectives.

*Regulation of Offsets, Offset Transaction and Offset-Derivatives.* Although most market participants consider offsets to be commodities largely unregulated in the U.S., this view has not been tested in the courts, and future litigation could result in a decision reaching a different conclusion. For example, certain purchase transactions of the Advisory Client could be interpreted to be investment contracts, which would require the Advisory Client to hold certain licenses which it does not have. Furthermore, although unlikely, a court or the SEC could take the position that an offset is a security, which would subject the Advisory Client, the Firm and offsets to a series of additional and costly requirements that could potentially prevent the Advisory Client from conducting its operations. Offset derivatives could also become subject to additional requirements and restrictions, such as a prohibition on offset transactions outside of regulated exchanges or limiting offset transactions to compliance entities only. If adopted, such requirements would

significantly impede liquidity in the carbon market and potentially prevent the Advisory Client from conducting its business.

*Greenhouse Gas Emissions Trading Regulation.* Climate change continues to attract considerable public and scientific attention, and as a result, numerous proposals have been made and are likely to continue to be made at the international, national, regional, and state levels of government to monitor and limit emissions of greenhouse gases. Such initiatives are being considered or may be considered in the future through various means including, for example, United States treaty commitments or other international agreements, direct regulation, a carbon emissions tax, or cap-and-trade programs. The U.S. Congress has in the past considered legislation to reduce emissions of greenhouse gas emissions. In addition, some states, like California, and foreign jurisdictions have individually or in regional cooperation, imposed restrictions on greenhouse gas emissions under various policies and approaches, including establishing a cap on greenhouse gas emissions, requiring efficiency measures, or providing incentives for pollution reduction, use of renewable energy sources, or use of replacement fuels with lower carbon content.

The adoption and implementation of, or modification to, any U.S. federal, state or local regulations or foreign regulations imposing obligations on, or limiting emissions of, greenhouse gas emissions and related market structures, such as cap-and-trade programs, could have a material adverse impact on the Advisory Client's investments.

*Carbon Credit Trading.* The trading markets for carbon credits are still developing and therefore do not possess the attributes of a fully developed market. Therefore, there may be illiquidity, high price volatility and a diminished demand for carbon credits. Price movements of such credits are influenced by, among other things, their current and perceived future market value, the price of natural gas and coal, weather patterns and the level of world economic activity. In addition, international and national regulation of the carbon credit market is still developing and may change in the future due to new legislation, treaties or other governmental regulation. It is impossible to predict the direction and extent of such regulation and this may have an adverse impact on carbon credits markets and therefore, the Advisory Client. The infrastructure in connection with issuance and transfer of certain carbon credits is still developing. Therefore, the timing and volume of delivery of such credits can be uncertain and may be subject to transfer disruptions.

*Real Estate.* To the extent an Advisory Client invests in real estate, either directly or indirectly, the Advisory Client will be subject to the risk generally incident to the ownership of real property, including uncertainty of cash flow to meet fixed and other obligations; adverse changes in local market conditions, population trends, neighborhood values, community conditions, general economic conditions, local employment conditions, interest rates, and real estate tax rates; changes in fiscal policies; competition from other properties; and uninsured losses and other risk that are beyond the control of the Advisory Client. There can be no assurance of profitable operations because the cost of owning the Advisory Clients' investments may exceed the income produced, particularly since certain expense related to real estate and its development and ownership, such as property taxes, utility cost, maintenance costs, and insurance, tend to increase over time and are largely beyond the control of the owners.

An Advisory Client may acquire or invest indirectly in properties that are subject to liabilities or that have problems relating to environmental conditions, state of title, physical conditions, or compliance with zoning laws, building codes, or other legal requirements. In each case, the Advisory Client's acquisitions of a real estate property may be without any recourse, or with only limited recourse, with respect to unknown liabilities or conditions. As a result, if any liability were asserted against an Advisory Client or one of its portfolio investments relating to those properties, or if any adverse condition existed with respect to such properties, the Advisory Client or a portfolio investment might have to pay substantial sums to settle or cure it, which could adversely affect the cash flow and operational results of the Advisory Client.

Investments in REITs and other real estate-related securities are subject to the general risks incident to the ownership and operation of real estate. Securities issued by portfolio funds investing in real estate

investments may be more illiquid than securities issued by other portfolio investments generally because these investments may tend to be less liquid by their terms than other types of investments.

*Other Real Assets.* An Advisory Client may invest, directly or indirectly, in real assets that are not natural resources or real estate. These other real assets may include investments in infrastructure, power, shipping, aircraft, and railcars among others. These types of investments may be subject to various risks including changes in demand, changes in supply, variability in input costs, and the credit worthiness of offtakers. The value of these types of assets may fluctuate due to changes in the competitive landscape, changes in replacement costs, and substitution.

*Debt, High Yield and Specialty Finance Investments.* An Advisory Client may invest, directly or indirectly, in various debt instruments, “high yield” bonds, preferred securities other specialty finance investments that are rated in the lower rating categories by various third party credit rating agencies (or in comparable non-rated securities). Securities in the lower rating categories are subject to greater risk of loss of principal and interest than higher-rated securities and are generally considered to be largely speculative with respect to the issuer’s capacity to pay interest and repay principal. Because of these and other risks associated with these types of securities, there is a greater likelihood that the Advisory Client may lose some or all of the investment.

*Non-U.S. Investments.* An Advisory Client may invest in portfolio investments and in portfolio funds with assets located throughout the world. An Advisory Client may be subject to additional risks, which include possible adverse political and economic developments, possible seizure or nationalization of non-U.S. deposits or assets, and possible adoption of non-U.S. governmental restrictions that might adversely affect the payment of principal and interest to investors located outside the country of the issuer, whether from currency blockage or otherwise. Furthermore, some of the investments may be subject to taxes levied by non-U.S. governments, which may have the effect of increasing the cost of such investment and reducing the realized gain or increasing the realized loss on such investment at the time of sale. Many of the laws that govern private and foreign investment, securities transactions, creditors’ rights and other contractual relationships in developing countries are new and largely untested. As a result, an Advisory Client may be subject to a number of unusual risks, including inadequate investor protection, contradictory legislation, incomplete, unclear and changing laws, ignorance or breaches of regulations on the part of other market participants, lack of established or effective avenues for legal redress, lack of standard practices and confidentiality customs characteristic of developed markets, and lack of enforcement of existing regulations.

Many markets are not as developed or efficient as others. Assets located in certain countries may be less liquid and more volatile than comparable assets in other countries. Similarly, volume and liquidity in certain markets vary and, at times, volatility of prices can be greater in some countries than in others. Certain countries may have different regulations than other countries. In addition, there may be less available information about potential investments in some markets as opposed to potential investments in other markets.

*Risks Associated with Unspecified Transactions.* Inasmuch as an Advisory Client must identify portfolio investments in which it may invest new money, there are risks and uncertainties to investors with respect to the selection of investments. The business of identifying and structuring transactions is highly competitive and involves a high degree of uncertainty. No assurance can be given that an Advisory Client will be successful in obtaining suitable investments.

*Leveraged Nature of Investments; Borrowing by Portfolio Funds.* While investments in leveraged companies offer the opportunity for capital appreciation, such investments also involve a high degree of risk. An Advisory Client’s investments may from time to time involve significant leverage, as a result of which operating problems and other general business and economic risks may have a pronounced effect on



the profitability or survival of the Advisory Client's portfolio companies. Also, increased interest rates generally increase portfolio company interest expenses. In the event any portfolio company cannot generate adequate cash flow to meet debt service, the Advisory Client may suffer a partial or total loss of capital invested in the portfolio company. In addition, portfolio funds may borrow amounts of money in the normal course of business for any number of reasons in accordance with the terms of their governing documents. The use of leverage will increase the volatility of the Advisory Clients' investment.

*Fraud.* An Advisory Client could be adversely affected by material misrepresentations or omissions on the part of a borrower or counterparty or by fraudulent behavior by a joint venture partner, manager or other service provider. Inaccuracies or incompleteness of representations may adversely affect the valuation of collateral underlying loans and may adversely affect the ability of an Advisory Client to perfect or effectuate a lien on the collateral securing a loan. Fraudulent behavior by a counterparty could result in the misappropriation of Advisory Client assets or otherwise reduce the value of one or more of an Advisory Client's investments. The Advisory Clients will rely upon due diligence by the Firm and the accuracy and completeness of representations made by borrowers, other counterparties, joint venture partners, managers and other service providers and cannot guarantee that it will detect occurrences of fraud.

*Options, Futures and Other Derivatives.* An Advisory Client and the portfolio funds may use both exchange-traded and over-the-counter derivatives, including, but not limited to, futures, options and contracts for difference. These instruments can be highly volatile and expose an Advisory Client or portfolio fund to a high risk of loss. The low initial margin deposits normally required to establish a position in such instruments permit a high degree of leverage. As a result, depending on the type of instrument, a relatively small change in the price of the contract may result in a profit or a loss that is high in proportion to the Advisory Client's or portfolio fund's funds actually placed as initial collateral and may result in unquantifiable further loss exceeding any collateral deposited. These changes are extremely difficult to predict.

*Swaps and Other Securities-Linked Instruments.* An Advisory Client and the portfolio funds may use derivative instruments, such as swaps, contracts for difference, participation notes, equity swaps, and zero strike calls and warrants, to gain economic exposure (whether long or short) to a particular underlying security that the Advisory client or a portfolio fund cannot or does not want to own directly. An Advisory Client or portfolio fund may not have control of when any such derivative transaction will be terminated. A counterparty may have the right to terminate a derivative transaction on limited or no notice at its discretion or when certain events occur. The counterparty may have the right to recoup its losses due to such termination. Any such termination may occur at a time that is disadvantageous to the Advisory Client.

There may not be an exchange on which to close out an open swap position or other derivative transaction. An Advisory Client or portfolio fund could experience losses and delays in closing a derivative transaction, due to, among other things: (a) a counterparty's default on, or inability or refusal to perform, its obligations with respect to a transaction, including refusing to pay amounts that otherwise would be due to the Advisory Client; (b) a decline in the value of collateral the Advisory Client or a portfolio fund holds during the period in which the Advisory Client or the portfolio fund seeks to enforce its rights with respect to such collateral; (c) expenses of enforcing their rights under the agreements governing the derivative transaction; and (d) the loss of collateral the Advisory Client or portfolio fund has posted with the counterparty in the event of the counterparty's bankruptcy or insolvency (the Advisory Client or the portfolio fund likely will be treated as an unsecured creditor with respect to such collateral). The occurrence of any such event could subject the Advisory Client or portfolio fund and Advisory Client investors to substantial losses.

*Custody and Banking Risks.* An Advisory Client will maintain funds with one or more banks or other depository institutions ("banking institutions"), which may include U.S. and non-U.S. banking institutions, and may enter into credit facilities or have other financial relationships with banking institutions. The distress, impairment or failure of one or more banking institutions with whom the Advisory Client, its

portfolio companies, the General Partner and/or the Firm transact may inhibit the ability of the Advisory Client or its portfolio companies to access depository accounts or lines of credit at all or in a timely manner. In such cases, the Advisory Client may be forced to delay or forgo investments or to call capital when it is not desirable to do so, resulting in lower performance for the Advisory Client. In the event of such a failure of a banking institution where the Advisory Client or one or more of its portfolio companies holds depository accounts access to such accounts could be restricted and U.S. Federal Deposit Insurance Corporation (“FDIC”) protection may not be available for balances in excess of amounts insured by the FDIC (and similar considerations may apply to banking institutions in other jurisdictions not subject to FDIC protection). In such instances, the Advisory Client and its affected portfolio companies may not recover such excess, uninsured amounts and instead, would only have an unsecured claim against the banking institution and participate pro rata with other unsecured creditors in the residual value of the banking institution’s assets. The loss of amounts maintained with a banking institution or the inability to access such amounts for a period of time, even if ultimately recovered, could be materially adverse to the Advisory Client or its portfolio companies. One or more investors or the Advisory Client’s General Partner could also be similarly affected and unable to fund capital calls, further delaying or deferring new investments. In addition, the Advisory Client’s General Partner may not be able to identify all potential solvency or stress concerns with respect to a banking institution or to transfer assets from one bank to another in a timely manner in the event a banking institution comes under stress or fails.

*Valuation.* There is no actively traded market for most of the securities owned by the Advisory Clients. When estimating fair value, Cordillera will apply a methodology based on its best judgment that is appropriate in light of the nature, facts and circumstance of the investments. Cordillera determines the value of the portfolio investments, whether or not a public market exists for investments of the same class or type. Valuations are generally subject to multiple levels of review for approval and ensuring that portfolio investments are fairly valued is an important focus of Cordillera. However, the process of valuing securities for which reliable market quotations are not available is based on inherent uncertainties and the resulting values may differ from values that would have been determined had an active market existed for such securities and will differ from the prices at which such securities may ultimately be sold. In the case of a portfolio fund, Cordillera generally relies heavily on the valuations of the manager of that portfolio fund. If Cordillera’s valuation of any such portfolio investment is inaccurate, it might receive a management fee that is greater than the fee to which it would otherwise be entitled. Cordillera may not be able to effectively manage an Advisory Client’s investment portfolio, diversification and other internal guidelines and risks if the Advisory Client’s portfolio is inaccurately valued. Any such inaccuracy could affect Advisory Client investors adversely.

*Investments Longer than Term.* An Advisory Client may invest in investments with maturity dates later than the date which the Advisory Client will be dissolved, either by expiration of the Advisory Client’s term or otherwise. Although Cordillera will generally make such investments with the expectation that such investments will either be disposed of prior to dissolution or be suitable for in-kind distribution at dissolution, an Advisory Client may have to sell, distribute or otherwise dispose of such investments at a disadvantageous time as a result of dissolution.

*Cybersecurity Risk.* Cordillera, Advisory Client’s service providers and other market participants increasingly depend on complex information technology and communications systems to conduct business functions. These systems are subject to a number of different threats or risks that could adversely affect the Advisory Clients and their investors, despite the efforts of Cordillera and an Advisory Clients’ service providers to adopt technologies, processes and practices intended to mitigate these risks and protect the security of their computer systems, software, networks and other technology assets, as well as the confidentiality, integrity and availability of information belonging to Advisory Clients and their investors. For example, unauthorized third parties may attempt to improperly access, modify, disrupt the operations of, or prevent access to these systems of the Firm, the Advisory Clients’ service providers, counterparties or data within these systems. Third parties may also attempt to fraudulently induce

employees, customers, third-party service providers or other users of the Firm's systems to disclose sensitive information in order to gain access to the Firm's data or that of Advisory Client investors. A successful penetration or circumvention of the security of the Firm's systems could result in the loss or theft of an investor's data or funds, the inability to access electronic systems, loss or theft of proprietary information or corporate data, physical damage to a computer or network system or costs associated with system repairs. Such incidents could cause the Advisory Clients, the Firm or their service providers to incur regulatory penalties, reputational damage, additional compliance costs or financial loss. In addition, the Firm may incur substantial costs related to forensic analysis of the origin and scope of a cybersecurity breach, increased and upgraded cybersecurity, identity theft, unauthorized use of proprietary information, adverse investor reaction or litigation.

Similar types of operational and technology risks are also present for the companies in which Advisory Clients invest, which could have material adverse consequences for such companies, and may cause the Advisory Clients' investments to lose value.

*Risks of Artificial Intelligence ("AI").* An Advisory Client's ability to use, manage and aggregate data may be limited by the effectiveness of its policies, systems and practices that govern how data is acquired, validated, used, stored, protected, processed and shared. Failure to manage data effectively and to aggregate data in an accurate and timely manner may limit the Advisory Client's ability to manage current and emerging risks, as well as to manage changing business needs and to adapt to the use of new tools, including AI. While the Advisory Client may restrict certain uses of third-party and open source AI tools, such as ChatGPT, the Advisory Client's employees and consultants and the Advisory Client's portfolio companies may use these tools, which poses additional risks relating to the protection of the Advisory Client's and such portfolio companies' proprietary data, including the potential exposure of the Advisory Client's or such portfolio companies' confidential information to unauthorized recipients and the misuse of the Advisory Client's or third-party intellectual property, which could adversely affect the Advisory Client, the Advisory Client or its portfolio companies. Use of AI tools may result in allegations or claims against the Advisory Client or its portfolio companies related to violation of third-party intellectual property rights, unauthorized access to or use of proprietary information and failure to comply with open-source software requirements. Additionally, AI tools may produce inaccurate, misleading or incomplete responses that could lead to errors in the Advisory Client's and its employees' and consultants' decision-making, portfolio management or other business activities, which could have a negative impact on the Advisory Client or on the performance of the Advisory Client and its portfolio companies. Such AI tools could also be used against the Advisory Client or its portfolio companies in criminal or negligent ways. As the use and availability of AI tools has grown, the U.S. Congress and a number of U.S. federal and state agencies have been examining the AI tools and their use in a variety of industries, including financial services. These agencies have issued proposed or adopted a variety of rules and other guidance regarding the use of AI. AI similarly faces an uncertain regulatory landscape in many foreign jurisdictions. Ongoing and future regulatory actions with respect to AI generally or AI's use in any industry in particular may alter, perhaps to a materially adverse extent, the ability of the Advisory Client or its portfolio companies to utilize AI in the manner it has to-date, and may have an adverse impact on the ability of the Advisory Client or its portfolio companies to continue to operate as intended.

*Recent Financial Market Fluctuations; Political Measures.* An advisory Client's investment program is intended to extend over a period of years, during which the business, economic, political, regulatory, and technology environment within which the Advisory Client operates may undergo substantial changes. General fluctuations in the market prices of securities may affect the value of an Advisory Client's investments and instability in the securities markets will also likely increase the risks inherent in an Advisory Client's investments. There can be no assurance that such economic and market conditions will be favorable in respect of both the investment and disposition activities of an Advisory Client.

An Advisory Client's ability to realize investments depends not only on the portfolio investments and their historical results and prospects, but also on political, market and economic conditions at the time of such

realizations. In the past, many private equity funds have looked to the public securities markets as a potential exit strategy and there can be no assurance that an Advisory Client will be able to exit from its portfolio investments by listing their shares on securities exchanges. The trading market, if any, for the securities of any portfolio investment may not be sufficiently liquid to enable an Advisory Client to sell these securities when the Firm believes it is most advantageous to do so, or without adversely affecting the stock price. Renewed volatility in the financial sector may have a material adverse effect on the ability of an Advisory Client to buy, sell and partially dispose of its portfolio investments. An Advisory Client may be adversely affected to the extent that it seeks to dispose of any of its portfolio investments into an illiquid or volatile market, and the Advisory Client may find itself unable to dispose of investments at prices that the Firm believes reflect the fair value of such investments. The duration and ultimate effect of current market conditions and whether such conditions may worsen cannot be predicted. The ability of portfolio investments to refinance debt securities may depend on their ability to sell new securities in the public high yield debt market or otherwise. An Advisory Client's portfolio investments may depend on the availability of capital financed from third parties and to the extent such capital is not available on reasonable terms or at all, those of the Advisory Client's portfolio investments that rely on such capital may be adversely impacted in a manner that they would not have been had they been able to access such capital. In addition, political measures taken in response to market practices or renewed economic instability in the United States or abroad may have an adverse impact on an Advisory Client's investments.

*Risks Related to Pandemics and Other Diseases.* Events such as health pandemics or outbreaks of disease may lead to increased short-term market volatility and may have adverse long-term effects on the U.S. and world economies and markets generally. For example, beginning in late 2019, China experienced an outbreak of a new and highly contagious form of coronavirus disease, COVID-19. In the ensuing months, COVID-19 spread to numerous countries, prompting precautionary government-imposed closures and restrictions of certain travel and businesses in many countries. Health pandemics or outbreaks could result in a general economic decline in a given region, or globally, particularly if the outbreak persists for an extended period of time or spreads globally. This has, and in the future could have an adverse impact on an Advisory Client's investments, or the Advisory Client's ability to source new investments or to realize its investments. Pandemics and similar events could also have an acute effect on individual issuers or related groups of issuers and could adversely affect securities markets, interest rates, auctions, secondary trading, ratings, credit risk, inflation, deflation and other factors relating to an Advisory Client's investments or the Firm's operations. Additionally, the risks related to health pandemics or outbreaks of disease are heightened due to uncertainty as to whether such an event would qualify as a force majeure event. If a force majeure event is determined to have occurred, a counterparty to an Advisory Client or an investment may be relieved of its obligations under certain contracts to which it is a party, or, if it has not, the Advisory Client and its investments may be required to meet their contractual obligations, despite potential constraints on their operations and/or financial stability. Either outcome could adversely impact investments and the Advisory Client's performance.

*Russian Invasion of Ukraine.* On February 21, 2022, Russian President Vladimir Putin ordered the Russian military to invade two regions in eastern Ukraine (the Donetsk People's Republic and Luhansk People's Republic regions) and shortly thereafter commenced a full-scale invasion of Russia's pre-positioned forces into Ukraine. This has led various countries (including the United States) to issue sanctions against Russia and against certain foreign individuals and national leaders who have supported Russia's invasion of Ukraine. Further sanctions may be forthcoming. Russia's invasion of Ukraine, related cyberattacks, the displacement of persons both within Ukraine and to neighboring countries and the increasing international sanctions could have a negative impact on various economies and business activity globally (including in the countries in which the directly or indirectly Advisory Client invests), and therefore could adversely affect the performance of the Advisory Client's investments. Furthermore, given the ongoing and evolving nature of the conflict and its ongoing escalation, it is difficult to predict the conflict's ultimate impact on global economic and market conditions, and, as a result, the situation presents material uncertainty and risk with respect to the Advisory Client and the performance of their investments or operations, and the ability of the Advisory Client to achieve its investment objective.

*Israel-Hamas War.* On October 7, 2023, the Hamas militant group breached the fences separating Israel and Gaza and carried out a violent terrorist attack. The foregoing attack sparked an armed conflict, which is currently ongoing, between Hamas and other Palestinian militant groups and Israel, known as the 2023 Israel-Hamas war. Although since the establishment of the State of Israel a state of hostility has existed in varying degrees of intensity between various Arab countries and Israel, the current conflict between Israel and Hamas has escalated to a heightened level not seen in recent years and may escalate further. Additionally, while Israel has entered into peace agreements with both Egypt and Jordan, and several other Middle Eastern and North African countries have normalized relations with Israel, the 2023 Israel-Hamas war has created tremendous unrest and uncertainty in the region, which may threaten any such peace agreements. A further expansion of the hostilities between Israel and Palestine could have significant international ramifications. The 2023 Israel-Hamas war could potentially have a significant adverse impact and result in significant losses to the Advisory Client, including those described above in “Russian Invasion of Ukraine”. The ultimate impact of the Israel-Hamas war and its effect on global economic and commercial activity and conditions, and on the operations, financial condition and performance of the Advisory Client or any particular industry, business or investee country, and the duration and severity of those effects is impossible to predict.

*Political Tension with China.* China’s relations with the world, particularly with the U.S. and other western nations, may have a significant impact on the Advisory Client and its investments. China’s relationship with the U.S. has been under a degree of tension since the outbreak of COVID-19, and escalated by the imposition by both countries of various tariffs, export restrictions, heightened antagonism over treatment of other jurisdictions, and citations of security concerns as an impediment to investment into certain sectors. Any rising political tension, and any rising public sentiment against products associated with China or the U.S., could adversely impact investment and exit opportunities available to the Advisory Client, as well as materially adversely impact its investments.

*Inflation.* Inflation is a sustained rise in overall price levels. Moderate inflation is associated with economic growth, while high inflation can signal an overheated economy. Inflation risk is the risk that the value of assets or income from investments will be less in the future as inflation decreases the value of money (i.e., as inflation increases, the values of the Advisory Client’s assets can decline). Inflation and rapid fluctuations in inflation rates have had in the past, and may in the future have, negative effects on economies and financial markets, particularly in emerging economies. Furthermore, wages and prices of inputs increase during periods of inflation, which can negatively impact returns on investments.

Governmental efforts to curb inflation often have negative effects on the level of economic activity. Central banks, such as the U.S. Federal Reserve, generally attempt to control inflation by regulating the pace of economic activity. They typically attempt to affect economic activity by raising and lowering short-term interest rates. At times, governments may attempt to manage inflation through fiscal policy, such as by raising taxes or reducing spending, thereby reducing economic activity; conversely, governments can attempt to combat deflation with tax cuts and increased spending designed to stimulate economic activity. Inflation rates may change frequently and significantly as a result of various factors, including unexpected shifts in the domestic or global economy and changes in economic policies, and the Advisory Client’s investments may not keep pace with inflation, which may result in losses to the Advisory Client. Further, certain countries, including the U.S., have recently seen increased levels of inflation and there can be no assurance that continued and more widespread inflation will not become a serious problem in the future and have an adverse impact on the Advisory Client’s returns.

***The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in an Advisory Client. Prospective investors should read the offering documents and consult their own counsel and advisors before deciding to invest in an Advisory Client.***

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***Item 9: Disciplinary Information***

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Cordillera and its supervised persons have no reportable disciplinary events to disclose.

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

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**Item 10.A.**

Not applicable. Cordillera is currently not applying to register as a broker-dealer and does not intend to register.

**Item 10.B.**

Not applicable. Cordillera and its management persons are not registered, and have not applied to register, as a futures commission merchant, commodity pool operator, commodity trading advisor or associated persons of a futures commission merchant.

**Item 10.C.**

As noted in Items 4.B., 5.A. and 6, each Affiliated General Partner serves as general partners to its respective Advisory Clients and is entitled to a performance-based fee. Affiliated General Partners also commit capital to their respective Advisory Clients, and as a result every investment made by an Advisory Client involves a purchase of securities whereby related persons of Cordillera acquire an indirect interest in such securities.

**Item 10.D.**

Not applicable. Cordillera and its supervised persons do not recommend or receive compensation for selection of other investment advisers for its Advisory Clients.

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

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**Item 11.A.**

In order to address conflicts of interest that may exist between the Firm and its Advisory Clients, Cordillera has adopted a Code of Ethics (the “**Code**”), which is applicable to all of Cordillera’s partners, officers, directors, employees, and certain other persons (collectively, “**Supervised Persons**”). The Code generally sets the standard of ethical and professional business conduct that Cordillera requires of Supervised Persons, sets forth the fiduciary obligations that Cordillera and each Supervised Person owes to each Advisory Client, and requires Supervised Persons to comply with applicable federal securities laws and regulations. Additionally, the Code sets forth Cordillera’s policies and procedures with respect to personal trading. Among other requirements, Supervised Persons must disclose to the Firm the existence of personal securities accounts, pre-clear personal trades in initial public offerings and private placements, and report personal securities transactions and holdings. The Code is circulated at least annually to all Supervised Persons, and each Supervised Person must certify in writing that he or she has received and read the Code.

A copy of Cordillera's Code of Ethics is available to investors and prospective investors upon request. Contact information is provided on the cover of this Brochure.

#### **Item 11.B through Item 11.D.**

Certain conflicts that may be encountered in the course of Cordillera's activities for or on behalf of the Advisory Clients are described in Items 5, 6, 8 and 10 above and reference is made thereto. In addition, the governing documents of the Advisory Clients address in detail certain other reasonably anticipated potential conflicts.

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

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Cordillera currently does not engage in trading transactions on behalf of its Advisory Clients or utilize the services of broker-dealers for transaction related services. In the event it requires the services of a broker-dealer, Cordillera will seek to obtain best execution for all transactions. Cordillera will aggregate orders as it deems appropriate and in accordance with Advisory Clients' organizational documents and in the best interests of Advisory Clients.

Cordillera may face actual or potential conflicts of interest when allocating investment opportunities among Advisory Clients. The general policy of Cordillera is to allocate investment opportunities among the applicable Advisory Clients in a fair and equitable manner and in accordance with the terms of its policies and the applicable governing documents for such Advisory Clients. The application of various factors in determining allocation will often result in allocation on a non-pro rata basis, including Advisory Clients participating in different classes of securities of a portfolio investment. There can be no assurance that an Advisory Client will participate in all investment opportunities that fall within its investment objectives. The Firm makes allocation determinations based solely on the Firm's expectations at the time such investments are made, however investments and their characteristics may change and there can be no assurance that an investment may prove to have been more suitable for an Advisory Client in hindsight.

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

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##### **Item 13.A. and 13.B.**

The portfolio investments of Advisory Clients are continuously reviewed by a team of investment professionals, consisting of Cordillera's principals and other investment professionals of Cordillera. Cordillera conducts an ongoing assessment of each investment and its joint venture partner/operator/manager ("**Operating Partner**"). For direct investments, prior to purchasing an asset and concurrently with due diligence, Cordillera along with its Operating Partner will develop a well-defined and achievable business plan that includes measurable financial milestones. Quarterly operational reports from its partner including cash-flow forecasts, variance reports, income and balance sheet statements allows Cordillera to effectively oversee its Operating Partners.

##### **Item 13.C.**

Investors in the Advisory Clients will typically receive, among other things, a copy of audited financial statements of the relevant Advisory Client within 120 days (or 180 days for an Advisory Client that operates as a fund of funds) after the fiscal year end of such Advisory Client. In addition, investors in each Advisory

Client will typically receive written reports containing unaudited summary financial information regarding such Advisory Client on a quarterly basis.

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

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**Item 14.A.**

Not applicable.

**Item 14.B.**

Not applicable.

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***Item 15: Custody***

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In accordance with Rule 206(4)-2 under the Advisers Act (“**Custody Rule**”), Advisory Clients will be subject to an annual audit by an independent public accountant registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board and audited financial statements of each Advisory Client will be prepared in accordance with generally accepted accounting principles and distributed to investors within 120 days of the end of each Advisory Client’s fiscal year (and 180 days for any Advisory Client that operates as a fund of funds). Investors should carefully review the audited financial statements of the Advisory Clients upon receipt, and should compare these statements to any account information provided by Cordillera.

As Cordillera’s investment program generally involves investments in certain privately offered securities, Cordillera generally will be exempt from the requirement that securities be maintained with a “qualified custodian.” Cordillera anticipates that many of its 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 only 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 Cordillera holds any publicly traded securities or securities which are otherwise ineligible for an exemption from the qualified custodian requirement of the Custody Rule, Cordillera will maintain such securities with a qualified custodian in an account in the name of the Advisory Client or in accounts that contain only funds and securities owned by the Advisory Clients, under Cordillera’s name as agent or trustee for the Advisory Client.

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***Item 16: Investment Discretion***

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Cordillera has discretionary authority to manage securities accounts on behalf its Advisory Clients. As explained in Item 4.B above, each Advisory Client’s investment strategy is set forth in detail in such Advisory Client’s offering and governing documents. Investors do not have the ability to impose limitations on this discretionary authority. Investors must execute a subscription agreement in which they make various representations, including representations regarding their suitability to invest in the applicable Advisory Client.



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

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To the extent that Cordillera has discretion to vote the proxies on behalf of an Advisory Client, Cordillera will vote any such proxies in the best interests of the Advisory Clients and in accordance with its proxy voting policies contained in the Compliance Manual. Generally, Advisory Clients will not directly hold publicly-traded securities that solicit proxy votes. It is expected that the proxies voted by Advisory Clients will be related to proposed term changes to be made by underlying portfolio funds. Under certain circumstances, Cordillera may abstain from voting specific proxies if it believes that doing so is in the best interests of the applicable Advisory Client.

In the event of a material conflict of interest, Cordillera will follow the written policies and procedures detailed in the Compliance Manual. Although not intended to be used on a regular basis, Cordillera may retain an independent third party to vote proxies in certain situations (including situations where a material conflict of interest is identified).

Investors generally do not have the ability to direct proxy votes. Advisory Clients may obtain additional information regarding how Cordillera voted proxies and may obtain a copy of Cordillera's proxy voting policies and procedures by contacting the Chief Compliance Officer. Contact information is provided on the cover of this Brochure.

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***Item 18: Financial Information***

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**Item 18.A.**

Not applicable. Cordillera does not require nor solicit pre-payment of more than \$1,200 in fees per client, six months or more in advance.

**Item 18.B.**

Cordillera is not aware of any financial condition that is reasonably likely to impact its ability to meet its contractual commitments to clients.

**Item 18.C.**

Not applicable. Cordillera has not been the subject of a bankruptcy petition at any time during the past ten years.