

**Item 1. Cover Page**

# **Mountain Capital Management, LLC**

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

MARCH 2024

This Brochure provides information about the qualifications and business practices of Mountain Capital Management, LLC. If you have any questions about the contents of this Brochure, please contact us at (713) 357-9663. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority.

Additional information about Mountain Capital Management, LLC is also available on the SEC's website at <http://www.adviserinfo.sec.gov/>. An investment adviser's registration with the SEC does not imply a certain level of skill or training.

## **Item 2. Material Changes**

There has been one material change to Mountain Capital Management, LLC's ("Mountain Capital") investment advisory business since the last annual update to Mountain Capital's Brochure was filed on March 31, 2023. The Firm hired Michael Sellner in the capacity of General Counsel, SVP in September 2023 and he assumed the role of CCO in January 2024 after the former CCO, Kara Goodloe-Harling departed the same month. This amendment updates the description of various risks in the Methods of Analysis, Investment Strategies and Risk of Loss. Mountain Capital urges current and prospective investors to review the Brochure in its entirety.

### **Item 3. Table of Contents**

<b>Item 1. Cover Page.....</b>	<b>1</b>
<b>Item 2. Material Changes.....</b>	<b>2</b>
<b>Item 3. Table of Contents .....</b>	<b>3</b>
<b>Item 4. Advisory Business .....</b>	<b>4</b>
<b>Item 5. Fees and Compensation .....</b>	<b>5</b>
<b>Item 6. Performance-Based Fees and Side-by-Side Management .....</b>	<b>9</b>
<b>Item 7. Types of Clients.....</b>	<b>9</b>
<b>Item 8. Methods of Analysis, Investment Strategies and Risk of Loss.....</b>	<b>10</b>
<b>Item 9. Disciplinary Information .....</b>	<b>31</b>
<b>Item 10. Other Financial Industry Activities and Affiliations.....</b>	<b>32</b>
<b>Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....</b>	<b>32</b>
<b>Item 12. Brokerage Practices .....</b>	<b>33</b>
<b>Item 13. Review of Accounts.....</b>	<b>33</b>
<b>Item 14. Client Referrals and Other Compensation.....</b>	<b>34</b>
<b>Item 15. Custody .....</b>	<b>34</b>
<b>Item 16. Investment Discretion.....</b>	<b>34</b>
<b>Item 17. Voting Client Securities .....</b>	<b>34</b>
<b>Item 18. Financial Information.....</b>	<b>35</b>

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

Mountain Capital Management, LLC (the “Management Company”), a Delaware limited liability company, is a private investment management firm focused on making investments in the energy industry on behalf of its investment advisory clients, which currently consist of multiple private investment funds (each, a “Fund” or “Client,” and together with related parallel funds, feeder funds, alternative investment vehicles, co-investment vehicles and other related entities, and any future private investment vehicles to which the Management Company and its affiliates provide investment advisory services, the “Funds” or “Clients”).

The Management Company and its affiliates (collectively, “Mountain Capital”), including (but not limited to) the general partners of the Funds (collectively, together with any future affiliated general partner entities the “General Partners”), provide investment supervisory services to the Funds. Each General Partner is deemed to be a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the “Advisers Act”) (and relies on the Management Company’s registration) in accordance with SEC guidance. The Management Company and the General Partner, collectively, (the “Advisers”) operate as a single investment advisory firm and under common control.

The Advisers currently provide investment advisory services to multiple vintage year Funds. Co-investment vehicles are organized by the Advisers to co-invest with primary Funds and/or their related Funds in one or more portfolio investments of such Funds. Investors in such co-investment vehicles include Fund investors as well as other third parties. The Advisers expect in the future to provide investment advisory services to additional investment advisory clients, including private investment funds and one or more separately managed accounts. The Funds make investments in private equity and, in certain instances, other equity and debt securities of public and private issuers (including securities convertible into equity and debt securities), derivative instruments and any other financial instruments or assets that the Advisers believe may help achieve the Fund’s respective investment objectives. Any future Funds and/or other investment advisory clients are expected to have similar investment objectives but could differ.

Pursuant to each Fund’s limited partnership agreement or similar governing document (each, an “Operating Agreement”), the Advisers have the authority to manage the business and affairs of the Funds. The Advisers’ advisory services consist of investigating, identifying and evaluating investment opportunities, structuring, negotiating and making investments on behalf of the Funds, managing and monitoring the performance of such investments and disposing of such investments. Such services are detailed in the applicable disclosure documents, Operating Agreements and other governing agreements for the applicable Fund (collectively, the “Fund Documents”) and are further described below under “Methods of Analysis, Investment Strategies and Risk of Loss.” While each Operating Agreement is subject to negotiation by Fund investors, once committed to a Fund, Fund investors participate in a Fund’s overall investment program and generally cannot withdraw their capital or impose any limitations on the Advisers’ ability to manage a Fund, although certain investors in certain circumstances are excused from participating in a particular investment due to legal, regulatory or other applicable constraints in accordance with the provisions of the applicable Fund Documents or pursuant to other contractual rights included in the applicable Fund Documents. For example, investors in certain Funds have certain opt-out rights with respect to such Funds’ respective investments, as detailed in the Fund Documents for such Funds. Such arrangements generally do not and will not create an adviser-client relationship between the Advisers and any investor. Each Fund or Adviser generally enters into letter agreements, parallel

investment agreements, other co-investment agreements or other similar agreements (collectively, “Side Letters”) with certain investors that have the effect of establishing rights under, altering or supplementing the Operating Agreement for a particular Fund, including providing informational rights, co-investment rights, addressing regulatory matters, varying economic rights (including fees and carried interest), or providing other specialized rights and benefits with respect to such investors.

The Management Company commenced operations in September 2015, and as of December 31, 2023 has \$1,396,979,753 in client regulatory assets under management. The principal owner of the Management Company is Samuel Oh.

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

In general, with the exception of co-investment vehicles (which typically do not bear any management fees or carried interest), as compensation for investment supervisory services rendered to the Fund, the Advisers are paid an annual management fee (“Management Fee”) and a carried interest from the Fund. None of the co-investment vehicles advised by the Adviser existing as of the date hereof bears any management fees or carried interest; however, the Adviser reserves the right to create future co-investment vehicles on different terms. The Advisers or their affiliates are permitted to receive additional compensation in connection with management and other services performed for Fund portfolio investments (e.g., monitoring or other fees) and all or a portion of such additional compensation generally will offset the Management Fees otherwise payable to the Advisers. In addition, investors bear additional expenses and fees as set forth in the applicable Fund Documents. Investors should review the Fund Documents for the applicable Fund for details regarding the fee structures summarized below. Unless otherwise defined herein, all capitalized terms shall have the meanings ascribed to them in the applicable Fund Documents.

### ***Management Fees***

Management Fees for a Fund that pays management fees will be paid as set forth in the Fund Documents for such Fund and, with the notable exception of Mountain Capital Partners LP and its related parallel fund (collectively, “Fund I”), is typically composed of a fee based on a percentage of aggregate capital commitments.

With respect to Fund I, the Management Fee is based on the Advisers’ projected operating budget for the applicable period.

Where the Fund Documents calculate Management Fees based on the amount of capital commitments or the amount of investment contributions, the Management Fee will be calculated and charged on a basis that generally is not tied to the Fund’s then-current net asset value. As further specified in the relevant Fund Documents, Management Fees will initially generally be charged based on a formula tied to the amount of the relevant Fund’s aggregate commitments. However, after a certain date specified in the relevant Fund documents, a Fund’s Management Fee generally will be charged and calculated based on a formula tied to the amount of contributed capital or the cost basis of investments made by the relevant Fund. As a result, except where the Fund Documents expressly provide to the contrary, the amount of Management Fees generally will not correspond with fluctuations in the Fund’s net asset value, including where the fair market value of an investment exceeds or falls below the total amount of contributed capital or the cost basis relating to such investment. Therefore, the Management Fee generally will not be reduced in connection with any partial distributions, partial realizations, reorganizations and write downs

except as required by the relevant Fund Documents. As a general matter, Management Fees will be payable during term extensions unless otherwise agreed with investors.

The Management Fee for a Fund will typically be reduced upon a successor fund commencing to pay Management Fees. The Management Fee for a Fund is typically paid quarterly in advance. Installments of the Management Fee payable for any period other than a full fiscal quarter period will be proportionately adjusted to the extent provided in the Fund Documents for the applicable Fund.

As set forth in the relevant Fund Documents, a Fund's Management Fee is reduced, although not below zero, by a portion of directors' fees, transaction fees, topping fees, break-up fees and success fees or certain other fees paid to the Advisers and certain of their affiliates.

In certain instances, the Fund Documents allow the General Partner to waive or agree to reduce the Management Fee for one or more investors without waiving or reducing it for all investors. In certain instances, the General Partner of a Fund has waived or reduced, and expects in the future to waive or reduce, the Management Fee for certain investors in relation to their respective investments in such Fund. Such investors include employees and/or other persons related to the Advisers as well as third party investors not related to the Advisers. The Fund Documents set forth the full list of terms under which a Fund's Management Fee will be reduced, offset or otherwise be limited, and consequently investors should expect to bear the full specified Management Fee in the relevant Fund Documents until they are reduced in the circumstances and on the date(s) specified therein.

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

### ***Carried Interest***

As noted above, with the exception of co-investment vehicles (which typically do not pay carried interest), the General Partner is entitled to receive a carried interest for each Fund as set forth in the Fund Documents for such Fund. The carried interest for a Fund is a specific percentage of all realized profits in excess of a preferred return and related general partner catch-up, as more fully described in the Fund Documents of such Fund. In certain instances, the General Partner of a Fund has reduced, and expects in the future to reduce, the carried interest it is entitled to receive in respect of certain investors. Such investors include employees and/or other persons related to the Advisers as well as third party investors not related to the Advisers. Unless otherwise provided in the Fund Documents for a particular Fund, the carried interest distributed to each Fund's General Partner is generally subject to a potential clawback at the end of the applicable Fund's life if the applicable Fund General Partner has received excess cumulative carried interest distributions.

### ***Other Fees and Expenses***

The Funds are generally expected to invest on a long-term basis. Accordingly, investment advisory and other fees are expected to be paid, except as otherwise described in any applicable Fund Documents, over the term of the Fund and investors generally are not permitted to withdraw from or redeem interests in the Fund.

Principals or other employees of the Advisers and their affiliates, and Operating Partners and Senior Advisors, receive a portion of the Management Fee, carried interest or other compensation received by the Advisers or their affiliates. In addition, an Adviser may exempt certain Fund investors, including the Advisers and their affiliates, from payment of all or a portion of any applicable Management Fees and/or carried interest.

In addition, a Fund portfolio investment, a Fund on behalf of a prospective portfolio investment or any of their respective affiliates are expected from time to time to retain Operating Partners or Senior Advisors to provide services to or in respect of a Fund or any portfolio investment or prospective portfolio investment of a Fund. Operating Partners and Senior Advisors are entitled to retain arm's length market-based fees and other compensation received from a portfolio investment or from a Fund on behalf of an existing or prospective portfolio investment, and any such fees or compensation will not reduce the Management Fee. Such fees and compensation include, without limitation, cash fees, a per diem or project based retainer or fee, monthly fee, performance fee, discretionary bonuses (whether or not based on pre-determined milestones), profits, participation or equity interest in a portfolio investment (the terms of which will be different than the profits or equity interest owned by the Fund) or other incentive-based compensation. Compensation in the form of profits or equity interests in a portfolio investment generally has a dilutive impact on the Fund's investment, and has the potential to result in economic effects greater than the original amount of compensation. For purposes hereof, (i) "Operating Partners" means either full-time or part-time professionals that serve on the Advisers' investment committee and in the future could have responsibilities such as maintaining daily interaction with portfolio investment management teams, taking on temporary management responsibility at companies on an as-needed basis and having a role in opportunity sourcing and (ii) "Senior Advisors" means a person who serves on the Advisers' investment committee for a particular Fund and perform functions similar to a director on a board of directors, with primary responsibilities to assist in the investment decision process and offer strategic guidance to the applicable Fund.

To the extent set forth in greater detail in the applicable Fund Documents (and at all times subject to the applicable provisions contained therein), in addition to the Management Fee, a Fund will typically pay all other fees, costs and expenses attributable to the Fund's operation and activities, including but not limited to fees, costs, expenses and liabilities related to the following: (i) management, conduct and operation of the Fund and its business or otherwise attributable to the existence of the Fund and its related entities; (ii) sourcing, finding, investigating, analyzing, negotiating, acquiring, monitoring, holding, selling, exchanging or otherwise disposing of prospective and actual investments, including private placement fees, third party legal, accounting, auditing, investment banking, third-party industry and/or due diligence experts, finders, originators, other third-party out of pocket expenses, consulting fees, communications and reasonable travel fees, costs and expenses incurred by personnel of the Advisers and/or third party service providers (including first or business class travel for long distances and private air travel in certain instances in accordance with Fund Documents); (iii) third party legal, auditing, consulting, accounting, valuation, regulatory compliance, data provider services (including management systems and software), custodians and administrators; (iv) meetings of the Advisory Committee and the annual meeting of the partners (including travel, meal and lodging expenses of the Advisory Committee

and other reasonable expenses of the investors as determined in the Advisers' reasonable discretion, in each case, incurred in connection with attending an Advisory Committee meeting and/or annual meeting of the investors); (v) the Fund's financial statements, reports, notices, tax returns, Schedule K-1's (or similar schedules), other costs of reporting to or otherwise communicating with investors, including expenses incurred in connection with providing the investors access to a database or other forum hosted on a website designated by the Advisers and costs and expenses with respect to the tax matters partner's representation of the Fund and its investors, and any costs and expenses incurred in connection with a tax audit, investigation, settlement or review of the Fund; (vi) bank and custodial accounts and services; (vii) insurance and litigation expenses, including insurance premiums or expenses (including in respect of errors, omissions, fidelity, general partner liability, directors' and officers' liability and similar coverage for the Advisers and their respective affiliates and related persons, any other persons acting on behalf of the Fund and any persons acting on behalf of the Advisers or the Fund); (viii) Fund borrowings or other Fund indebtedness, including fees, costs, expenses and liabilities incurred in obtaining lines of credit, loan commitments and letters of credit for the account of the Fund and in guaranteeing the obligations of any portfolio investment or their affiliates, credit facilities, securitizations, margin financing and derivatives and swaps; (ix) the Fund's indemnification obligations; (x) taxes, fees and other governmental or regulatory charges, and regulatory and legal fees and expenses (and damages) of the Advisers and their respective affiliates in connection with ongoing compliance, filings and reporting obligations under the Advisers Act, the U.S. Dodd-Frank Wall Street Reform Act, "blue sky," or any other applicable laws, including filing fees and expenses and expenses related to the preparation and filing of Form PF and other similar regulatory filings, or incurred in connection with any litigation or governmental inquiry, investigation or proceeding involving the Fund, the Advisers or their respective affiliates; (xi) the winding up, termination, dissolution or liquidation of the Fund, the Advisers or any of their related vehicles (including any parallel fund, feeder fund, alternative investment vehicle or special purpose entity); (xii) transactions not consummated (including costs of any proposed co-investment or co-investment fund that is not consummated, and including broken deal expenses, diligence and pursuit expenses, and other third party out-of-pocket expenses); and (xiii) any other fees, costs and expenses of the Fund and related entities, including the Advisers, any parallel funds, feeder funds, alternative investment vehicles and special purpose entities, provided for in the applicable Fund Documents.

As a general matter, broken deal expenses and other expenses relating to the diligence or evaluation of a prospective investment are allocated among investors within a Fund regardless of whether any individual investor negotiated for an elective or automatic contractual right that would have excused them from participating in the investment. Each Fund also generally will bear the costs of implementing, monitoring and complying with investment guidelines and directives relating to the Fund's strategy, including in Side Letters relating thereto, and (where applicable) environmental, social, governance and other standards to which the relevant General Partner has committed in connection with its investing activities. Additionally, subject to the Fund Documents, a Fund typically will bear certain unreimbursed expenses of portfolio investments through which the Fund invests.

The Advisers will pay (from the Management Fees) their own ordinary administrative and overhead expenses incurred in managing the Funds, principally salaries, benefits and rent. The Advisers will also typically incur administrative and overhead expenses of, and the fees payable to, the Operating Partners and the Senior Advisors, to the extent such amounts are not otherwise borne by the Fund and/or portfolio investment. With respect to Fund I, all of the foregoing will be included in the Advisers' operating budgets used to establish the periodic Management Fees, as applicable.



Fund expenses pertaining exclusively to a single Fund will be charged solely to that Fund. In accordance with the Advisers' expense allocation policy and the applicable Fund Documents, Fund expenses relevant to multiple Funds (including co-investment vehicles) will, in the Advisers' good faith determination, be allocated to such Funds typically on a pro-rata basis. Subject at all times to the expense allocation provisions of the applicable Fund Documents, the Advisers' reserve the right to in good faith chose to allocate such expenses in a different manner than that described above where they believe such an allocation is in the best interests of the relevant Funds. It is expected that in certain circumstances one Fund is expected to pay an expense or obligation common to multiple Funds and be reimbursed by such Funds for their share of such expenses or obligations, without interest. To the extent the paying Fund makes use of a credit facility to pay such expense, it generally will not be reimbursed separately by other Funds for use of the facility.

Each respective Fund must bear the cost of its broken-deal expenses resulting from any proposed portfolio investment that is not consummated. Unless the Advisor determines, in its sole discretion, another allocation is appropriate, in the event that a transaction in which a co-investment was to be sought ultimately is not consummated, all obligations, liabilities and out-of-pocket fees (including any break-up fees), costs and expenses relating to such unconsummated transaction generally are expected to be borne by the Fund and not by any prospective co-investors, subject to any restrictions set forth in the Partnership Agreement or any other agreement with prospective co-investors. . In addition, in certain instances, a Fund will bear expenses in respect of an existing or prospective portfolio company that will not be borne by other owners or investors in such portfolio company (including co-investors or co-investment vehicles), where the Advisers' have determined such arrangement to be in the best interest of such Fund (e.g., a Fund engages or pays for a consultant for services in respect of a portfolio company without reimbursements by other owners of the portfolio company).

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

As described under "Fees and Compensation," with the exception of co-investment vehicles (which typically do not bear any management fees or performance-based fees), the Advisers receive performance-based fees and/or distributions based upon the performance of a Client's account. The Advisers currently advise only Funds that are charged a performance-based fee. The Fund Documents (including the provisions therein relating to restrictions on the Advisers' ability to manage successor Funds and other Client accounts) and the Advisers' policies and practices are designed to ensure that all Clients are treated fairly and equitably in connection with the allocation of investment opportunities and to prohibit allocation of investments to a Client solely on the basis that an Adviser has a higher potential to earn carried interest or other performance-based compensation.

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

The Adviser currently provides investment supervisory services to the Funds (as described above in Item 4). The investors participating in the Funds include high net worth individuals, banks, insurance companies, pension and profit-sharing plans, trusts, estates or charitable organizations, educational and research institutions, corporations or other business entities or other investment entities, and from time to time

include, directly or indirectly, the Advisers and their employees and affiliates, as well as executives of portfolio investments.

Interests in the Funds are offered pursuant to applicable exemptions from registration under the U.S. Securities Act of 1933, as amended (the “Securities Act”), and the U.S. Investment Company Act of 1940, as amended (the “1940 Act”). Investors in the Funds are required, at a minimum, to be “accredited investors” as defined in the Securities Act. Minimum investment amounts for third-party investors vary and may be waived by the applicable Fund’s Advisers.

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

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

The Management Company provides day-to-day investment advisory services to the Funds, subject to the supervision of the applicable Fund’s General Partner. Each Fund’s investment committee (“Investment Committee”) has ultimate decision-making authority for such Fund. The Advisers’ general investment methodology is described below. Investors should refer to the applicable Fund Documents for further information regarding investment strategies employed for a specific Fund.

The Advisers seek investment opportunities in private equity. Prior to making an investment, the Advisers carry out extensive analysis of a target investment. The Advisers generally focus their analysis on small and middle market energy companies and on energy assets located in the United States and Canada. Any expenses incurred in connection with the analysis of a target investment are borne by the Funds.

The Advisers’ philosophy is generally to approach each investment as co-owners and principals with the management team to execute operational and strategic change. The Advisers do so through a collaborative approach with senior management focusing on corporate strategy, merger and acquisition activity, operational discipline, and financial structuring. The Advisers do not typically seek to run day-to-day operations. In all cases, the Advisers attempt to closely align the interests of management with the applicable Fund’s interests.

***Competitive Position.*** Often at the heart of strategic due diligence is a thorough analysis of each competitor’s relative cost position, market and segment shares, technology, management, financial capability, and implicit future strategy.

***Cost Analysis.*** The Advisers seek to break down a business’s cost structure into elements, which are driven by common factors, referred to as “cost drivers.” Prepared with an understanding of the factors that will drive a business’s cost position, actions can be targeted that will reduce costs and improve margins, eliminate unnecessary costs, and build sustainable advantage and value.

***Capabilities and Assets.*** Generally, a business enjoys, or can develop, distinctive capabilities that set it apart from other participants in its industry. The value and potential of these capabilities can be measured. These capabilities may include design and operational expertise, attractive oil and gas minerals, geological and engineering knowledge, and technology.

**Management.** The Advisers evaluate members of the management team, work to ensure economic incentives post-closing are aligned with the business plan, and take steps to support the management team.

**Harvest Analysis.** Before making an investment, the Advisers explore alternative options for future liquidity.

## **Risks**

Investing in securities involves a substantial degree of risk. Clients, and investors in any Fund, may lose all or a substantial portion of their investments, and any Clients, and investors in any Fund, must be prepared to bear the risk of a complete loss of their investments.

The following list is not a complete list of all risks involved in connection with an investment in a Fund. Investors in the Funds should review the applicable Fund Documents and subscription materials for additional information regarding risks and conflicts of interest specific to that Fund. In general, the risks applicable to the Fund and the activities of the Advisers and their respective affiliates include, but are not limited to:

### **Risks Related to Investing in the Fund**

**Long-Term Nature of Investment; Illiquidity.** An investment in the Fund requires a long-term commitment, with no certainty of return. Generally, the Fund's investments will be illiquid, and there can be no assurance that the Fund will be able to realize on such investments in a timely manner or at all. There may be little or no near-term cash flow available to the investors. Consequently, dispositions of such investments may require a lengthy time period or may result in distributions in kind to the investors. The Fund typically will acquire securities that cannot be sold except pursuant to a registration statement filed under the Securities Act, or in a private placement or other transaction exempt from registration under the Securities Act and that complies with any applicable non-U.S. securities laws. Additionally, the realizable value of a highly illiquid investment may be less than its intrinsic value. While an investment may be sold at any time, it is generally not expected that partial or complete dispositions of investments will result in a return of capital or the realization of gains (if at all) for a number of years after an investment is made. A variety of factors (including economic conditions, asset conditions, political and regulatory considerations and public opinion) could affect the ability of the Fund to buy or sell investments on favorable terms.

### **No Market for Limited Partnership Interests; Restrictions on Transfers; No Right of Withdrawal.**

Investments in a Fund may not generally be transferred, sold, assigned, pledged or otherwise encumbered without the prior written consent of the Fund's General Partner, which may be withheld pursuant to the Fund Documents, and the volume of transfers permitted in any calendar year may be restricted in order to comply with certain safe harbors under the tax regulations. Voluntary withdrawals from a Fund will not be permitted except in very limited circumstances generally involving situations in which retaining an interest in the Fund would violate certain laws or regulations. In addition, interests in a Fund are not redeemable. There will be no public market for interests in the Funds, and none is expected to develop. Interests in the Funds have not been, and are not expected to be, registered under the Securities Act, the securities laws of any U.S. state or the securities laws of any non-U.S. jurisdiction and therefore cannot be re-sold unless they are subsequently registered under the Securities Act and other applicable securities

laws, or unless an exemption from registration is available. It is not contemplated that the registration of interests in the Fund will ever be affected. Investors may not be able to liquidate their investments in a Fund prior to its dissolution and should be prepared to bear the risks of an investment in a Fund for an extended period of time.

***No Assurance of Investment Return.*** An investment in a Fund involves a significant degree of risk. None of the Advisers can provide assurance that they will be able to choose, make, and realize investments in any particular Fund investment. There can be no assurance that any Fund will be able to generate returns for its investors or that the returns will be commensurate with the risks of investing in the type of assets and transactions described herein or in the applicable Fund Documents. There can be no assurance that any Investor will receive any distribution from the Fund. Accordingly, an investment in the Fund should only be considered by persons who can afford a loss of their entire investment. Past or current activities of the Advisers' management team provide no assurance of future success. There can be no assurance that projected or targeted returns for any Fund will be achieved.

***Reliance on the Advisers and Key Adviser Personnel.*** The Funds will depend on the Advisers. Investors generally will have no right or power to take part in the management of the Funds, and the Advisers generally will control the operations of the Funds (including decisions with respect to structuring, negotiating, purchasing, financing and divesting investments). As a result, the performance of a Fund's investments will depend largely on the business and investment acumen of the Advisers and their personnel, and in particular on Sam Oh and the other members of the Advisers' management team, and the loss or reduction of service of one or more of such personnel could adversely affect the Funds' ability to achieve its investment objectives.

***Limited Access to Information.*** Investors' rights to information regarding a Fund will be specified, and strictly limited, in the applicable Fund Documents. In particular, it is anticipated that a Fund's General Partner will obtain certain types of material information from investments that will not be disclosed to investors because such disclosure is prohibited by contractual, legal or other obligations. Decisions by a Fund's General Partner to withhold information may have adverse consequences for investors in a variety of circumstances. For example, an Investor that seeks to transfer its Interests may have difficulty in determining an appropriate price for such Interests. Decisions to withhold information also may make it difficult for investors to monitor the Fund's General Partner and its performance. Additionally, it is expected that investors who designate representatives to participate on a Fund's Advisory Committee may, by virtue of such participation, have more information about the Fund and investments in certain circumstances than other investors generally and may be disseminated information in advance of communication to other investors generally.

***Reliance on Portfolio Investment Management.*** Funds may seek to hold management rights, including board representation or other rights, with respect to some or all of their investments. However, there is no assurance that these rights, if sought, will be obtained. Furthermore, even in cases where a Fund may be represented on management boards or have other management rights, such Fund may not have an active role in the day-to-day operations of its investments. The success or failure of a Fund's portfolio investments may depend to a significant extent on the financial and management talents and efforts of specific employees of such portfolio investments, whose death, disability or resignation could adversely affect the performance of the portfolio investment.

***Effect of Fees and Expenses.*** Each Fund is expected to pay a management fee to an Adviser or its

affiliates and to bear various expenses. Such fees and expenses in the aggregate are expected to be substantial and will reduce actual returns to investors. Such fees and expenses will be paid regardless of whether a Fund produces positive investment returns. If the Fund does not produce significant positive investment returns, the fees and expenses paid by the Fund could reduce the amount of the investment recovered by an Investor to an amount less than the amount invested in such Fund by such Investor.

***CFIUS and National Security Clearance Considerations.*** Certain investments are expected to be subject to or require review and approval by the U.S. Committee on Foreign Investment in the United States (“CFIUS”), such as where CFIUS-related laws, regulations or guidance deem non-U.S. persons or entities under their control (such as a Fund, co-investors and/or rollover sellers) to be acquiring a U.S. business (including a business with assets, employees, facilities, and/or operations in the United States). CFIUS has the authority to review proposed or existing transactions or investments or to seek to impose limitations on or prohibit investments, and CFIUS filings and other considerations can materially impact transaction timing, feasibility, certainty and costs. In certain circumstances, CFIUS considerations have the potential to prevent a Fund from maintaining or pursuing investments, or limit the universe of available buyers for an existing investment. Any of these factors have the potential to adversely affect a Fund’s performance, and the likelihood that CFIUS considerations will be implicated is expected to increase where non-U.S. limited partners comprise a substantial percentage of a Fund. Under the Fund Documents, the relevant General Partner generally is authorized, although not required, to excuse or otherwise limit non-U.S. limited partners’ ability to invest in U.S. businesses (or to exercise voting or advisory board rights with respect thereto) in order to anticipate or comply with CFIUS considerations. However, there can be no assurance that invoking any such excuse provisions or other limitations will allow the Fund to proceed with or maintain any investment, or to avoid losses relating thereto. Similar considerations are expected to apply with respect to reviews by non-U.S. national security or investment clearance regulators.

***Environmental, Social and Governance (“ESG”) Matters.*** The Advisers maintain an ESG policy and seeks to integrate certain ESG factors into its investment process in accordance with its policy and subject to its fiduciary duty and any applicable legal, regulatory or contractual requirements. There is no guarantee that the Advisers will be able successfully to implement its ESG policy or to make investments in companies that create a positive ESG impact while achieving its investment strategy. In addition, applying ESG factors to investment decisions is qualitative and subjective by nature, and there is no guarantee that the criteria utilized by the Adviser, or any judgment exercised by the Adviser, will reflect the beliefs or values of any particular investor. There are also significant differences in interpretations of what positive ESG characteristics mean by region, industry and topic. The Adviser’s interpretations and decisions are expected to differ from others’ views and could also evolve over time. In addition, in evaluating an investment, the Adviser expects to depend upon information and data provided by a number of sources, including the relevant investments and/or various reporting sources which could be incomplete, inaccurate or unavailable, and which could cause the Adviser to incorrectly assess a company’s ESG practices and/or related risks and opportunities. The Adviser does not intend independently to verify all ESG information reported by investments or third parties. Further, considering ESG qualities when evaluating an investment could result in the selection or exclusion of certain investments based on the Adviser’s view of certain ESG-related and other factors and could cause the relevant Funds not to make an investment that they would have made or to make a management decision with respect to an investment differently than they would have made in the absence of the ESG Policies, which could negatively impact the Adviser’s performance. For avoidance of doubt, however, the Adviser does not expect to subordinate a Fund’s investment returns or increase a Fund’s investment risks as a

result of (or in connection with) the consideration of any ESG factors.

Further, ESG practices are evolving rapidly and there are different principles, frameworks, methodologies, and tracking tools being implemented by other asset managers, and the Adviser's adoption and adherence to various such principles, frameworks, methodologies and tools is expected to vary over time. There is also a growing regulatory interest across jurisdictions in improving transparency regarding the definition, measurement and disclosure of ESG factors. The Adviser's ESG policies could become subject to additional regulation in the future, and the Adviser cannot guarantee that its current approach will meet future regulatory requirements or predict the manner in which any such future requirements (including any enforcement with respect thereto) could affect a Fund or its investments, including with respect to future administrative burdens and costs.

***Indemnification and Exculpation.*** Each Fund will generally indemnify and exculpate the Advisers and each of their respective affiliates and the respective employees, officers, agents, partners, members and shareholders of the foregoing, and may also indemnify and exculpate other persons and entities including members of the applicable Advisory Committee (collectively, the "Covered Persons"), from and against all liabilities to which they may be or may become subject by reason of their activities on behalf of such Fund, except in certain limited circumstances specified in the applicable Fund Documents. As a result, the Fund and the investors may have a more limited right of action against these persons than they might otherwise have. Fund assets will be available to indemnify the Covered Persons, and investors may be required to make capital contributions or return distributions to satisfy such obligations. The Advisers may cause a Fund to purchase, at such Fund's expense, insurance against such liability in connection with the activities of such Fund. There is no assurance that such insurance will be available or obtained in sufficient amounts to cover any such liabilities. The relevant liability standards under insurance coverage procured by the Advisers are expected to vary by carrier, and such standards are expected to vary from time to time depending on, for example, coverage features or limitations then-available from the carrier at the time of insurance contract renewal. As a result, insurance coverages from time to time are expected to vary from relevant liability and/or indemnity standards in the Fund Documents. Investors generally will be responsible for insurance premiums, as set forth in the Fund Documents, regardless of whether the liability and/or indemnity standards in the Adviser's insurance coverage are higher or lower than that set forth in the Fund Documents.

***Failure to Make Capital Contributions.*** The interests of a Fund may be materially and adversely affected by the failure of any one or more of its investors to meet such Investor's contribution or other payment obligations to the Fund (whether arising through an Investor's default, its excuse or exclusion from one or more investments, or a permitted withdrawal or removal from the Fund). If an Investor fails to make any contribution or payment to the Fund for any reason, the other investors may be required to fund the shortfall, with the consequence that the non-defaulting investors may have greater exposure on the Fund's investments or liabilities than they otherwise would. An Investor's failure to make any contribution or payment to a Fund for any reason could also cause the Fund to be unable to meet the Fund's obligations when due, which could materially and adversely impair the Fund's ability to execute on its investment strategy or to otherwise continue operations. In such event, the Fund may be subjected to significant liabilities or penalties that could materially reduce the returns to the participating investors (including non-defaulting investors). A substantial default by (or discontinued participation of) one or more investors would limit opportunities for investment diversification and could have a material negative affect on the Fund's economic results.

***Public Disclosure Obligations.*** A Fund may be required to disclose confidential information relating to

its investments and its financial results to third parties that may request such information if and to the extent required by federal, state or local law or regulation applicable to such Fund or any of its investors, including any investors that are public agencies, governmental bodies, or other entities subject to public disclosure requirements, including U.S. state public records or similar freedom of information laws that may compel public disclosure of confidential information regarding a Fund, its investments and/or its investors. Such disclosure obligations may adversely affect certain investors, particularly investors who are not otherwise subject to public disclosure of information relating to the private holdings of funds in which they invest.

**Side Letters.** The rights, duties and obligations of the investors generally are set out, and the treatment of investors is described, in the Fund Documents. However, the Advisers may enter into Side Letters with one or more investors. These Side Letters may entitle an investor to make an investment in a Fund on terms other than those described in the Fund Documents. Any such terms may be more favorable than those offered to any other investors, including with respect to: (i) economic arrangements (including alternative fee or other compensation arrangements); (ii) excuse from participating in particular investments and/or withdrawal events; (iii) additional or different reporting obligations of the Fund; (iv) the ability to transfer to affiliates or other parties; (v) co-investment opportunities; (vi) limits on indemnification obligations; (vii) withdrawal rights due to adverse tax or regulatory events; (viii) consent rights to certain Fund Document amendments; or (ix) any other matters described therein. In certain instances, a Side Letter entered into with an investor have an adverse effect on the Fund; for example, if the Advisers or a Fund enters into a Side Letter entitling an investor to be excused from a particular investment or withdraw from the Fund, any election to be excused by such investor may increase other investors' pro rata interests in that particular investment (in the case of an opt-out) or all future investments (in the case of a withdrawal). To the fullest extent not prohibited by applicable law, the Advisers shall have no obligation to give the investors notice of any Side Letters entered into.

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

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

to make contributions to a Fund or results in short-term gains to a Fund, which in certain circumstances enhances the relevant Fund's internal rate of return calculations and thereby may be deemed to benefit the marketing efforts of the Advisers and their affiliates and increases the likelihood that any hurdle or preferred return component in the Fund's carried interest arrangements will be met. In other circumstances the use of Fund-level borrowing can increase the base of a Fund's Management Fee calculation, such as during periods where Management Fees are based in whole or in part on an acquisition cost that includes a borrowing component. The use of Fund-level borrowing arrangements, and the repayment or non-repayment thereof, can also influence the determination of the end of a Fund's investment period, and cause or defer a related change in the basis of the relevant Fund's Management Fee calculation under the Fund Documents. Conflicts of interest also have the potential to arise to the extent that a subscription line is used to make an investment that is later sold in part to co-investors (including one or more co-investing Funds), as to the extent co-investors are not required to act as guarantors under the relevant facility or pay related costs or expenses, co-investors nevertheless stand to receive the benefit of the use of the subscription line and neither the relevant Fund nor investors generally will be compensated for providing the relevant guarantee(s) or being subject to the related costs, expenses and/or liabilities.

A credit agreement or borrowing facility frequently will contain other terms that restrict the activities of a Fund and the limited partners or impose additional obligations on them. For example, certain lenders or facilities are expected to impose restrictions on the relevant General Partner's ability to consent to the transfer of a limited partner's interest in the Fund or impose concentration or other limits on the Fund's investments, and/or financial or other covenants, that could affect the implementation of the Fund's investment strategy. In addition, in order to secure a subscription line, the relevant General Partner may request certain financial information and other documentation from limited partners to share with lenders. The General Partner will have significant discretion in negotiating the terms of any subscription line and may agree to terms that are not the most favorable to one or more limited partners. In certain circumstances, due to separate evaluations of creditworthiness by lenders or facility providers, a portfolio investment or other Fund subsidiary is expected to bear higher rates under a borrowing facility than are borne by the Fund, resulting in a potential net benefit to the Fund, or additional potential liquidity constraints or other burdens on the relevant portfolio investment or Fund subsidiary.

Fund-level borrowing involves a number of additional risks. For example, drawing down on a subscription line allows the General Partner to fund investments and pay partnership expenses without calling capital, potentially for extended periods of time. Calling a large amount of capital at once to repay the then-current amount outstanding under a subscription line could cause short-term liquidity concerns for limited partners that would not arise had the relevant General Partner called smaller amounts of capital incrementally over time as needed by a Fund. This risk would be heightened for a limited partner with commitments to other funds that employ similar borrowing strategies or with respect to other leveraged assets in its portfolio; a single market event could trigger simultaneous capital calls, requiring the limited partner to meet the accumulated, larger capital calls at the same time. The General Partner is authorized to use Fund-level borrowing to pay Management Fees and to reimburse the Advisers for expenses incurred on behalf of the Fund. A Fund is also permitted to utilize Fund-level borrowing when the General Partner expects to repay the amount outstanding through means other than limited partner capital, including as a bridge for equity or debt capital with respect to an investment. If the Fund ultimately is unable to repay the borrowings through those other means, limited partners would end up with increased exposure to the underlying investment, which could result in greater losses.



If an investment appreciates in value and is disposed of prior to repayment, the relevant Fund generally would apply disposition proceeds to repay the borrowing and related interest and expenses, the absence of invested capital funded by limited partners potentially will result in a distribution of net proceeds without a preferred return accrual on the amount invested. Accordingly, borrowings have the potential to support the distribution of proceeds to limited partners and increase the potential carried interest for the relevant General Partner, as reduced by the interest incurred by the relevant Fund. Subject to any limitations in the Fund Documents, this scenario potentially incentivizes the relevant General Partner to permanently fund the acquisition and ongoing capital needs of a Fund's investments and related expenses with the proceeds of such borrowings in lieu of drawing down capital contributions on an as-needed basis, and, accordingly, capital contributions to repay such borrowings may be required only at the time of the disposition of an investment (or never, if principal and interest on such borrowings are always repaid out of disposition proceeds).

### **Certain Additional Risks Relating to the Fund's Investments**

***Liability for Return of Distributions.*** An Investor's capital commitment is susceptible to risk of loss as a result of any liability of a Fund irrespective of whether such liability is attributable to an investment to which such Investor contributed any capital. An Investor may be required to return distributions made to such Investor under various circumstances, including to meet Fund obligations. In certain circumstances, applicable law may require that an Investor return previously received distributions with interest. In addition, an Investor may be liable under applicable federal and state bankruptcy or insolvency laws to return distributions made during the Fund's insolvency.

***Lack of Sufficient Investment Opportunities.*** The business of identifying, structuring and completing transactions is highly competitive. The Funds will encounter competition from other entities having similar investment objectives. Potential competitors include other investment funds, strategic industry acquirers and other financial investors. Over the past several years, an ever-increasing number of investment funds have been or are being formed, and many fund sponsors have increased the size of successor funds as compared to their corresponding prior funds. Various new funds and established funds with more generalized investment capabilities have entered the energy industry as capital needs in the North American energy industry have increased and investment returns in other industries have decreased. Some of the Funds' competitors for investment opportunities may have more relevant experience, greater financial resources, a greater willingness to take on risk, and/or more personnel than the Advisers, the Funds and their respective affiliates. As global efforts are made to respond to anticipated future population growth, economic development and increased urbanization, and the effects of each of them, the number of funds and sources of investment capital that have similar investment objectives to the Fund, or that target similar investment opportunities, is likely to increase, and such funds and vehicles may have more purchasing and negotiating power than the Funds.

To the extent that a Fund encounters significant competition for investments, returns to investors may decrease. In addition, it is possible that a Fund will never be fully invested if enough attractive investments are not identified and consummated. Regardless of the extent to which commitments of the investors are invested, the investors will be required to bear Management Fees as well as other expenses as set forth in the Fund Documents even if the applicable Fund fails to make any investments.

***Concentration of Investments; Lack of Diversification.*** The Funds will focus investments primarily in oil and gas assets. Because a Fund's investments are expected to be concentrated within the energy

industry or such other applicable industry as is specified in the relevant Fund Documents, portfolio diversification will be less than would be possible if such Fund were to invest in a range of industries or sectors. Such reduced diversification may increase the volatility of a Fund's returns and could reduce a Fund's returns relative to diversified funds to the extent that the energy industry or other applicable industry does not perform as well as other industries. Although the Funds generally intend to diversify their investments among different assets, no assurances can be given that any Fund will, in fact, so diversify its investments. The Funds may also make investments that are not diversified geographically. In addition, the Funds may make investments for which third party financing may be desirable but not necessarily available (whether on desired terms or at all) at the time of investment. Such financing may never become available, or a refinancing may not be able to be completed on desirable terms or at all. This could result in a Fund having a variety of unintended long-term investments or reduced diversification. In addition, during the early stages of a Fund's term, the Fund may hold more concentrated positions than it otherwise would. The Funds may seek to make investments in a limited geographic area, in a single asset type and/or within a short period of time, which could create the conditions for a portfolio of investments that exhibit, amongst themselves, a very high degree of correlated returns. As a result of the foregoing, a Fund's investment portfolio could become highly concentrated, and the performance of a few holdings or of a particular industry, or the timing of the Fund's investments, may substantially affect the Fund's aggregate return. In addition to the foregoing, because the Funds are expected to only make a limited number of investments and such investments generally will involve a high degree of risk, poor performance by even a single investment could materially affect total returns. If certain investments perform unfavorably, then in order for the Fund to achieve attractive returns, one or more of its other investments must perform very well, and there can be no assurance that this will occur.

***Non-Controlling Investments.*** The Funds may hold meaningful minority stakes in portfolio investments and in some cases may have limited minority protection rights. In addition, during the process of exiting investments, the Fund at times may hold minority equity stakes of any size such as might occur if portfolio investments are taken public. In such instances, the Funds may have limited management and/or control rights with respect to the operation of such companies and may be entirely dependent on the decisions of the portfolio investment and/or third-party investors. As is the case with minority holdings in general, such minority stakes that the Funds may hold will have neither the control characteristics of majority stakes nor the valuation premiums accorded majority or controlling stakes. Where a Fund holds a minority stake, it may be more difficult for the Fund to liquidate its interests than it would be had the Fund owned a controlling interest in such company or were otherwise granted control and/or management rights alongside any such company and/or third party investor.

***Control Positions.*** The Funds, either alone or together with co-investors, are expected to typically hold controlling interests in many of the portfolio investments in which they invest. The exercise of such control by the Funds may result in additional risks of liability for violations of governmental regulations (including securities laws), failure to supervise management or other types of liability in which the general limited liability characteristic of business ownership may be ignored. If these liabilities were to arise, the Funds might suffer significant and material losses. Even when a Fund prevails in any such claims for liability, it may incur significant costs of defending against those claims.

***Investments in Private Companies.*** The Funds may invest in companies the securities of which are not and may never be publicly traded or listed on a securities exchange. Companies whose securities are unlisted are not subject to the same disclosure and other investor protection requirements that are

applicable to companies with listed securities. These investments may be difficult to value and to sell or otherwise liquidate, and the risk of investing in such companies is generally much greater than the risk of investing in listed or publicly traded companies.

***Investments in Less Established Companies.*** The Funds may invest in smaller, less established or start-up companies. Investments in such companies may involve greater risks than are generally associated with investments in more established companies. To the extent there is any public market for the securities held by the Funds, such securities may be subject to more abrupt and erratic market price movements than those of larger, more established companies. Less established companies tend to have smaller capitalizations and fewer resources and, therefore, are often more vulnerable to financial failure. Such companies also have shorter operating histories on which to judge future performance and may experience start-up related difficulties that are not faced by established companies. The Funds will not necessarily have established any minimum capitalization or operating history for the companies or assets in which it will invest. There can be no assurance that any such losses will be offset by gains (if any) realized on any Fund's other investments.

***Co-Investment Opportunities.*** The Funds may co-invest in one or more investments with one or more strategic investors, lenders, Investors (or affiliates thereof) and/or other third parties ("Co-Investors") through joint ventures or other entities or through the acquisition of different real property rights and interests, which Co-Investors in certain cases may have different or superior rights or interests to those of the Funds and their investors. The Funds may not have control or operating rights over certain of their investments and, therefore, may have a limited ability to protect their position therein or maximize the value thereof. In addition, the Funds' investments will be subject to typical risks in connection with third-party involvement, including the possibility that a third-party may have financial difficulties resulting in a negative impact on such investment, may have economic or business interests or goals that are inconsistent with those of the applicable Fund, or may be in a position to take (or block) action in a manner contrary to the applicable Fund's investment objectives. A Fund may also in certain circumstances be liable for the actions of its third-party partners or Co-Investors. Investments made with third parties in joint ventures or other entities or in different real property rights and interests may involve carried interests, promotes or fees payable to such third-party partners or Co-Investors, thereby reducing the distributions to the Fund. In addition, such co-investments may be made on materially different terms and conditions than those applicable to the Fund, and such different terms may be disadvantageous to the Fund or to any Investor participating directly or indirectly therein.

***Risks in Effecting Operating Improvements.*** In some cases, the success of a Fund's investment strategy may depend, in part, on the ability of the Fund to restructure and effect improvements in the operations of a portfolio investment or its assets. The activity of identifying and implementing restructuring programs and operating improvements at portfolio investment entails a high degree of uncertainty. In addition, executing operational improvements may divert the attention of key personnel and disrupt normal business. There can be no assurance that the Funds will be able to successfully identify and implement any such restructuring programs and improvements.

***Recycling; Reinvestment.*** The Advisers generally will have the right to reinvest or recall certain capital returned or distributed by the Funds to the investors, including to make additional investments. Accordingly, during the life of a Fund, an investor may be required to make capital contributions in excess of its capital commitment (with certain limitations), and to the extent such recalled or retained amounts are invested, an investor will be subject to the risks associated with such investments.

***Need for Follow-On Investments.*** Following a Fund's initial investment in a portfolio investment, the Fund may determine it will provide additional funds or otherwise increase its investment in such portfolio investment (whether for opportunistic reasons, to fund the needs of the portfolio investment, as an equity cure under applicable debt documents or for other reasons). There can be no assurance that a Fund will make any follow-on investments or that the Fund will have sufficient funds to make all or any of such investments. Any determination by a Fund to not make a follow-on investment or its inability to make a follow-on investment may have a substantial negative effect on a portfolio investment in need of such follow-on investment (including an event of default under applicable debt documents in the event an equity cure cannot be made), result in a lost opportunity for such Fund to increase its participation in a successful operation or the dilution of the relevant Fund's ownership in a portfolio investment if a third party or co-investor is permitted to invest.

***Accuracy of Third Party Information.*** The Advisers may select investments for the Funds, in part, on the basis of information and data made available directly or indirectly by third parties. The Advisers may not be in a position to confirm the completeness, genuineness or accuracy of such information and data, and in some cases, complete and accurate information may not be available.

***Risks Relating to Due Diligence of and Conduct at Portfolio Investments; Expedited Transactions.*** Before making an investment, the Advisers will often conduct such due diligence as they deem reasonable and appropriate based on the facts and circumstances applicable to such investment. Due diligence may entail feasibility and technical studies, studies regarding reserves, environmental studies, marketing studies, business plan development, evaluation of important and complex business, financial, tax, accounting, technical, geophysical, geological, environmental and legal issues as well as background investigations of individuals. Outside professionals, engineers, consultants, geologists, legal advisors, accountants, investment banks and other third parties may be involved in the due diligence process to varying degrees depending on the type of investment and the facts and circumstances related thereto, and the Advisers may rely on the advice received from such third parties. Investment analyses and decisions by the Advisers will often be undertaken on an expedited basis in order for the Funds to compete for investment opportunities and/or consummate investments. In such cases, the information available to the Advisers at the time of an investment decision may be limited, and the Advisers may not have access to the detailed information necessary for a full evaluation of an investment opportunity. The due diligence investigation carried out with respect to any investment opportunity is unlikely to reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Moreover, such an investigation will not necessarily result in an investment being successful or even ensure a return on invested capital.

In the event of fraud, any material misrepresentation or omission or any professional negligence by any seller of assets acquired by a portfolio investment or such seller's representatives, by a portfolio investment or any of its affiliates, or by any other third party, a Fund may suffer a material loss of capital and the value of the Fund's investments may be adversely impacted. The Funds will rely upon the accuracy and completeness of representations made by various persons in the due diligence process, and cannot guarantee such accuracy or completeness.

***Broken Deal Expenses.*** Investments in the energy industry often require extensive due diligence activities and regulatory approvals prior to acquisition. Due diligence may include feasibility and technical studies, preliminary engineering and marketing studies, legal and environmental review and bid preparation and submission costs, any or all of which may entail significant third-party expenses. In the

event that an investment is not consummated (including any investment opportunity reviewed for a Fund prior to the initial closing date that was not consummated), the Fund may bear some or all of such third-party expenses and any termination fees.

***Uncertainty of Projections.*** The Funds may use financial projections to help analyze a potential investment, future capital raises and financing for portfolio investments, or for other transactions. In general, projected operating results of a portfolio investment will be based primarily on financial projections prepared by such portfolio investment's management, with adjustments to such projections made by the Advisers in their sole discretion. In all cases, projections are only estimates of future results that are based upon information received from a portfolio investment and third parties and assumptions made at (in whole or in part) the time the projections are developed. Also, general economic factors, which are not predictable, can have a material effect on the reliability of projections. The inaccuracy of certain assumptions, the failure to satisfy certain financial requirements and the occurrence of other unforeseen events could impair the ability of a portfolio investment to realize projected values. There can be no assurance that the results set forth in any projections will be attained, and actual results may differ significantly from projections.

***Reliance on Valuations.*** Investments will be valued periodically by the Advisers. Any such valuation, however, is a subjective analysis of the fair market value of an asset, and requires the use of techniques that are costly and time consuming and ultimately provide no more than an estimate of value. Valuations may result in adjustments of a Fund's aggregate fair market values or gross or net internal rate of return calculations. There can be no assurance that a Fund's aggregate fair market values or gross or net internal rate of returns, as calculated based on such valuations, will be accurate on any given date, nor can there be any assurance that the sale of any asset would be at a price equivalent to the last estimated value of such asset.

***General Economic and Market Conditions.*** The state of the private equity industry, generally, and the success of the Funds' investment activities, specifically, will be affected by general economic and market conditions, as well as by changes in laws, currency exchange controls, and U.S. and global political and socioeconomic circumstances. Such factors are unpredictable and cannot be controlled by the Advisers. Conditions such as financial market volatility, illiquidity and/or decline, a generally unstable economic environment (including as a result of a slowdown in economic growth and/or changes in interest rates or foreign exchange rates) and/or a deterioration in the capital markets may negatively impact the availability of attractive investment opportunities for the Funds, a Fund's ability to make investments, the availability of funding to support a Fund's investment objectives, the performance and/or valuation of a Fund's investments, and/or a Fund's ability to dispose of investments. In addition, the public market comparable earnings multiples that are frequently used to value privately held portfolio investments and investors' risk-free rate of return may be impacted. In such an environment, the Funds may be more likely to pay reverse break-up, termination or other fees and expenses in the event the Fund is not able to close a transaction (whether due to lenders' unwillingness to provide previously committed financing or otherwise) and/or the inability of a Fund to dispose of investments at prices that the General Partner believes reflect the fair value of such investments. Such conditions could result in substantial or total losses to the Funds in respect of certain investments, which losses will likely be exacerbated by the presence of leverage in a portfolio investment's capital structure.

***Volatility of Commodity Prices; Marketing Considerations.*** The value of the Funds' investments will be substantially dependent upon the market price for oil, natural gas and other hydrocarbons, which value ultimately impacts the demand for their products and services. Historically, the markets for hydrocarbons

have been volatile and such volatility is likely to continue in the future. Various factors beyond the control of the Fund, the Advisers or any portfolio investment will affect hydrocarbon prices including: (i) the worldwide and domestic supplies of oil and natural gas; (ii) the ability of the members of the Organization of the Petroleum Exporting Countries to agree to and maintain oil prices and production controls; (iii) political instability or armed conflict in the Middle East and other oil or natural gas producing regions; (iv) terrorist acts; (v) the price and level of foreign imports; (vi) the level of consumer demand; (vii) the price, availability and acceptance of alternative fuels; (viii) the availability of pipeline capacity; (ix) weather conditions; (x) transportation interruption; (xi) domestic and foreign governmental regulations, price controls and taxes; (xii) domestic and foreign environmental laws, rules and regulations; and (xiii) the overall economic environment, including interest rates, levels of economic activity, the price of securities and the participation by other investors in the financial markets. There can be no assurance that there will not be a significant decline in the prevailing price for hydrocarbons, which could adversely affect the value of the Fund's investments and its income from its investments. Price volatility also makes it difficult for portfolio investments to budget for, and project the return on, acquisitions, exploration and development projects.

Given the Funds' focus on investments in the energy sector, price fluctuations in energy-related commodities may have a meaningful impact on the Funds' investment strategy and generation of returns. Commodity prices are driven by numerous local, regional, national and global influences, and there is no assurance that the Advisers will correctly analyze and interpret these influences, or respond to the price volatility in commodity prices, to make attractive investments for the Funds.

***Energy Regulatory Risk; Environmental Matters.*** Investments in the energy sector, including upstream and midstream oil and gas sectors, may entail risks associated with more mature companies and heavily regulated industries. The energy and natural resources industries are subject to comprehensive U.S. federal, state and local laws, rules and regulations as well as non-U.S. laws, rules and regulations. Present and future laws, rules and regulations could cause additional expenditures, decreased revenues, restrictions and delays that could materially and adversely affect a Fund's investments and the prospects of the Fund. There can be no assurance that: (i) existing laws, rules and regulations applicable to investments generally or the portfolio investments will not be revised or reinterpreted; (ii) new laws, rules and regulations will not be adopted or become applicable to the portfolio investments; (iii) the technology and equipment selected by portfolio investments to comply with current and future regulatory requirements will meet such requirements; (iv) portfolio investments will not be materially and adversely affected by such future changes in, or reinterpretation of, laws, rules and regulations (including the possible loss of exemptions from laws, rules and regulations) or any failure to comply with such current and future laws, rules and regulations; or (v) regulatory agencies or other third parties will not bring enforcement actions in which they disagree with regulatory decisions made by other regulatory agencies. Additionally, a regulatory decision by the FERC or another regulatory authority related to the electric rates charged by a Fund's portfolio investments could adversely affect the profitability of such Fund portfolio investment.

Further, environmental laws, rules, regulations and regulatory initiatives play a significant role in the energy and natural resources industries and can have a substantial impact on investments in these industries. For example, global initiatives to minimize pollution have played a major role in the increase in demand for natural gas and alternative energy sources, creating numerous new investment opportunities. Conversely, required expenditures for environmental compliance have adversely impacted investment returns in a number of segments in the energy and natural resources industries. The energy

and natural resources industries will continue to face considerable oversight from environmental regulatory authorities and significant influence from non-governmental organizations (“NGOs”) and special interest groups. The Fund’s portfolio investments may be subject to changing and increasingly stringent environmental health and safety laws, regulations and permit requirements. New and more stringent environmental and health and safety laws, rules, regulations and permit requirements or stricter interpretations of current laws, rules or regulations could impose substantial additional costs on the Advisers and portfolio investments and potential investments of the Funds. Compliance with such current or future environmental requirements does not ensure that the operations of the portfolio investments will not cause injury to the environment or to people, and therefore, that the Funds will not be required to bear additional unforeseen environmental expenditures. Environmental hazards could expose a Fund’s portfolio investments to material liabilities for property damages, personal injuries or other environmental harm, including costs of investigating and remediating contaminated properties.

***Regulation of Greenhouse Gases.*** Both in the U.S. and globally, emissions of greenhouse gases (“GHGs”) are increasingly regarded as linked to global climate change, which may lead to more stringent regulation of GHGs in the future. Increased public concern and mounting political pressure may result in more U.S. federal, state or local or international requirements to reduce or mitigate the effects of GHGs. These requirements include adoption of cap and trade regimes, carbon taxes, restrictive permitting, increased efficiency standards, and incentives or mandates for renewable energy, all of which could make the Fund’s interest in portfolio investments with exploration, development and production activities more expensive, lengthen project implementation times, and reduce demand for hydrocarbons. Any such future laws, rules and regulations imposing reporting obligations on, or limiting emissions of GHGs from, a portfolio investment’s equipment and operations could require it to incur costs to reduce emissions of GHGs associated with its operations. Furthermore, current and pending GHG regulations also may increase compliance costs, such as for monitoring or sequestering emissions. Substantial limitations on GHGs also could adversely affect demand for oil and natural gas. Changes in the regulation of GHGs could impact the portfolio investments in which the Fund owns an interest or make future investments undesirable.

***Changes in Regulation.*** Regulatory changes in a jurisdiction where a portfolio investment is located may make the continued operation of the portfolio investment infeasible or economically disadvantageous and any expenditures made to date for such portfolio investment may be wholly or partially written off. The locations of the portfolio investments may also be subject to government exercise of eminent domain power or similar events. Any of these changes could significantly increase the regulatory-related compliance and other expenses incurred in connection with portfolio investments and could significantly reduce or entirely eliminate any potential revenues generated by one or more of the portfolio investments, which could materially and adversely affect returns to the Funds.

In addition, legal, tax and regulatory changes could occur during the term of a Fund that may adversely affect such Fund. The regulatory environment for private investment funds is evolving, and changes in the regulation of private investment funds may adversely affect the value of investments held by the Funds and the ability of the Funds to execute on their investment strategies. New laws or revised regulations imposed by the SEC, other governmental regulatory authorities, self-regulatory organizations or industry bodies that supervise the financial markets that could adversely affect the Funds may be adopted in the future. The Funds may also be adversely affected by changes in the enforcement or interpretation of existing statutes and rules by these regulatory authorities or self-regulatory organizations.

Additionally, the SEC has indicated that it intends to seek to enact changes to numerous areas of law and regulations that would impact the business of the Advisers and the Funds. In particular, the SEC has signaled an increased emphasis on investment adviser and private fund regulation and has proposed a number of new rules that, if adopted, would impose significant changes on private fund advisers and their management of private funds, and the SEC is expected to propose additional changes in the future. Any such changes are expected to materially impact the Advisers and its affiliates, the Fund and/or its investments, as well as increasing their expenses. Significant time and resources may be required to comply with new regulations, which potentially will detract from the time and resources dedicated to the Fund.

***Russia-Ukraine Conflict.*** The ongoing military conflict between Russia and Ukraine has caused disruption to global financial systems, trade and transport, among other things. In response, multiple other countries have put in place global sanctions and other severe restrictions or prohibitions on the activities of individuals and businesses connected to Russia. However, the ultimate impact of the Russia-Ukraine conflict and its effect on global economic and commercial activity and conditions, and on the operations, financial condition and performance of the Funds or any particular industry, business or investee country and the duration and severity of those effects, is impossible to predict.

The Russia-Ukraine conflict may have a significant adverse impact and result in significant losses to the Funds. This impact may include reductions in revenue and growth, unexpected operational losses and liabilities and reductions in the availability of capital. It may also limit the ability of a Fund to source, diligence and execute new investments and to manage, finance and exit investments in the future. Developing and further governmental actions (military or otherwise) may cause additional disruption and constrain or alter existing financial, legal and regulatory frameworks and systems in ways that are adverse to the investment strategy which any Fund intends to pursue, all of which could adversely affect the Fund's ability to fulfill its investment objectives.

***Cybersecurity.*** The information technology systems of the Advisers, the Funds, the Funds' portfolio investments and/or their respective service providers may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events (including fires, tornadoes, floods, hurricanes and earthquakes). If such a system is compromised, becomes inoperable for an extended period of time or ceases to function properly, the Advisers, the Funds and/or a portfolio investment may be required to spend time and/or incur expenses seeking to fix or replace such system or otherwise remedy the effects of such issues. The failure of such a system and/or disaster recovery plans for any reason could cause significant interruptions in the Advisers', the Funds' and/or a portfolio investment's operations and may result in a failure to maintain the security, confidentiality or privacy of sensitive data (including information relating to investors and/or the beneficial owners of investors). Such a failure could harm the Advisers', the Funds', a portfolio investment's, an investor's or a beneficial owner of an investor's reputation, subject such persons to legal claims, or otherwise affect the business and financial performance of such persons. The use of internet- or cloud-based programs, technologies and data storage applications generally heightens these risks, and the risks of attack are expected to be heightened in remote work environments. Third parties, including activist, criminal, nation-state or terrorist actors, may also attempt fraudulently to induce the Advisers, the Funds and/or portfolio investments or their respective personnel to disclose sensitive information (including passwords) in order to gain access to data, accounts, funds or other assets, or otherwise to inflict harm.



***Natural Disasters, Terrorist Acts and Similar Dislocations.*** Upon the occurrence of a natural disaster such as a tornado, flood, hurricane or earthquake, electricity shortages or other similar national or local emergencies, or upon an incident of war, riot or civil unrest, the impacted area may not efficiently and quickly recover from such event, which can have a materially adverse effect on portfolio investments and other developing economic enterprises in such area. Terrorist attacks and related events can result in increased short-term economic volatility. U.S. military and related actions in Afghanistan and Iraq, other events in the Middle East and terrorist actions worldwide could have significant adverse effects on U.S. and non-U.S. economies and securities markets. The effects of future terrorist acts (or threats thereof), military action or similar events on the economies and securities markets of countries cannot be predicted. Such disruptions of the world financial markets could affect interest rates, ratings, credit risk, commodity prices, inflation and other factors relating to the Fund's investments. Moreover, portfolio investments may be required to incur significant costs in the future to safeguard certain of their assets against such attacks.

***Outbreaks of Infectious or Contagious Diseases.***

Pandemics and other widespread public health emergencies, including outbreaks of infectious diseases such as SARS, H1N1/09 flu, avian flu, Ebola and COVID-19, have and are resulting in market disruption, and future such emergencies have the potential to materially and adversely impact economic production and activity in ways that are impossible to predict, all of which may result in significant losses to the Funds.

In an effort to contain such health emergencies, national, regional and local governments, as well as private businesses and other organizations, have taken or have the potential to take restrictive measures, including instituting local and regional quarantines, restricting travel (including closing certain international borders), prohibiting public activity (including "stay-at-home" and similar orders), and ordering the closure of large numbers of offices, businesses, schools, and other public venues. Any such measures have the potential to significantly diminish economic production and activity of all kinds and contribute to volatility in financial markets, demand across categories of consumers and businesses, as well as in the credit and capital markets. Restrictive measures, whether on an initial or re-imposed basis, also have the potential to cause labor force and operational disruptions, slowing or complete idling of certain supply chains and manufacturing activity, increases in unemployment levels, and strain and uncertainty for businesses and households, with a particularly acute impact on industries dependent on travel and public accessibility, such as transportation, hospitality, tourism, retail, sports and entertainment.

Any public health emergency, including COVID-19 or other existing or new infectious disease, or the threat thereof, could materially and adversely impact the value and performance of investments; the Advisers' ability to source, manage, value and divest investments; and a Fund's ability to achieve its investment objectives. In addition, the operations of the Advisers, the Funds and/or portfolio investments may be significantly impacted, or even temporarily or permanently halted, as a result of actual or potential government-imposed quarantine measures, mandatory, voluntary or precautionary restrictions on travel or meetings, and other factors related to a public health emergency, including the potential adverse impact on the finances, freedom of movement or health of any such entity's personnel. Any of the foregoing events could result in significant losses. The extent of the impact of any public health emergency will depend on many factors, including the duration and scope of such public health emergency, the extent of any related travel advisories and restrictions implemented (including any government-imposed

quarantine measures and any voluntary and precautionary restrictions on travel or meetings), the effectiveness of vaccines and the implementation of vaccination programs, the impact of such public health emergency on overall supply and demand, goods and services, investment liquidity, consumer confidence and levels of economic activity and the extent of its disruption to important global, regional and local supply chains and markets, all of which are highly uncertain and cannot be predicted.

The extent of the impact on the Funds' and their portfolio investments' operational and financial performance will depend on many factors, all of which are highly uncertain and cannot be predicted, and this impact may include significant reductions in revenue and growth, unexpected operational losses and liabilities, impairments to credit quality and reductions in the availability of capital. These same factors may limit the ability of the Funds to source, diligence and execute new investments and to manage, finance and exit investments in the future, and governmental mitigation actions may constrain or alter existing financial, legal and regulatory frameworks in ways that are adverse to the investment strategy the Funds intend to pursue, all of which could adversely affect the Funds' ability to fulfill their investment objectives. They may also impair the ability of portfolio investments or their counterparties to perform their respective obligations under debt instruments and other commercial agreements (including their ability to pay obligations as they become due), potentially leading to defaults with uncertain consequences. In addition, the operations of the Funds, their portfolio investments, the General Partners and the Advisers may be significantly impacted, or even temporarily or permanently halted, as a result of any such health emergencies, or any measures, restrictions, remote-working requirements and other factors related thereto, including its potential adverse impact on the health of any such entity's personnel. These measures may also hinder such entities' ability to conduct their affairs and activities as they normally would, including by impairing usual communication channels and methods, hampering the performance of administrative functions such as processing payments and invoices, and diminishing their ability to make accurate and timely projections of financial performance.

#### ***LIBOR and other Benchmark Rates.***

To the extent that a Fund's investments, borrowing facilities, hedging activities, or other assets or structures are tied to interest rates based on the London Interbank Offered Rate ("LIBOR") or other benchmark or reference rates (each, a "Benchmark Rate"), the Fund may be subject to certain material risks, including the risk that a Benchmark Rate is terminated, ceases to be published or otherwise ceases to be broadly used by the market. Regulators, central banks, governments and other market participants are working to facilitate the transition of existing instruments and contracts away from LIBOR to new Benchmark Rates, and any such transition includes the potential to: increase volatility or illiquidity in markets; cause delays in or reductions to financing options for the Funds and their portfolio investments; increase the cost of borrowing; reduce the value of certain instruments or the effectiveness of certain hedges; cause uncertainty under applicable legal documentation; or otherwise impose costs and administrative burdens relating to factors that include document amendments and changes in systems. Future transitions to and from Benchmark Rates have the potential to have similar effects.

#### ***Financial Institution Risk; Distress Events.***

An investment in a Fund is subject to the risk that one of the Fund's banks, brokers, hedging counterparties, lenders or other custodians of some or all of the Fund's assets (each, a "Financial Institution") fails to perform its obligations or experiences insolvency, closure, receivership or other financial distress or difficulty, similar to that experienced by Silicon Valley Bank and Signature Bank in

March 2023 (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 Advisers, the Funds and/or their portfolio investments may not be able to access deposits, borrowing facilities or other services for an extended period of time or ever. 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, or 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 Advisers to manage the Funds and their investments, and on the ability of the Advisers, any Fund and/or portfolio companies to maintain operations, which in each case could result in significant losses and unconsummated investment acquisitions and dispositions. Such losses have the potential to include a Fund to pay fees and expenses in the event the Fund is not able to close a transaction (whether due to the 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 the inability of a Fund to acquire or dispose of investments at prices that the relevant General Partner believes reflect the fair value of such investments and/or the inability of portfolio companies to make payroll, fulfill obligations and maintain operations. Although the Advisers expect 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.

Many Financial Institutions require, as a condition to using their services or otherwise, that the Adviser and/or the relevant Fund maintain all or a set amount or percentage of their respective accounts or assets with a custodian, which heightens the risks associated with a Distress Event with respect to such custodians. Although the Adviser seeks to do business with custodians that it believes are creditworthy and capable of fulfilling their respective obligations to the Funds, the Adviser is under no obligation to use a minimum number of custodians with respect to any Fund, or to maintain account balances at or below the relevant insured amounts.

### **Certain Conflicts of Interest**

Generally, the Advisers and their respective affiliates encounter potential conflicts of interest in connection with Clients’ interests, assets or activities (including certain conflicts of interest as among the interests of different Fund vehicles). If any matter arises that the Advisers determine in its good faith judgment constitutes a conflict of interest, the Advisers will take such actions as they deem necessary or appropriate to ameliorate the conflict and upon taking such actions the Advisers will be relieved of any responsibility for, and liability related to, such conflict to the maximum extent permitted by law, and shall be deemed to have satisfied any and all of their fiduciary duties related thereto to the maximum extent permitted by law, as modified by the relevant Fund Document. By acquiring an Interest in a Fund, each investor will be deemed to have acknowledged the existence of any such actual or potential conflicts of interest and to have waived any claim with respect to any liability arising from the existence of any

such conflict of interest. Notwithstanding the foregoing, nothing contained in this paragraph or elsewhere herein or in any Fund's governing agreements shall constitute a waiver by any Client of any of its legal rights under applicable U.S. federal securities laws or any other laws whose applicability is not permitted to be contractually waived.

The Advisers and their affiliates expect in the future to manage other investment funds and vehicles besides their existing Funds and will direct investment opportunities to those other investment funds and vehicles. Sam Oh and certain other members of the Advisers' management team spend a portion of their business time and attention pursuing and managing investment opportunities for themselves, their affiliates, their friends and family or other clients. They are also permitted to devote time to other business activities in accordance with each Fund's Fund Documents. Certain Advisers and their management team members own or control economic interests in other investments outside the Funds, for their own account or for the account of other Clients. Such other investments have the potential to compete with Fund portfolio investments or with the investments or investment objectives of certain other Clients. Members of the Advisers' management team reserve the right to manage their own personal investments, whether or not through a formal family office or estate planning structure, to establish trusts, endowments, charitable programs, foundations or similar arrangements, and to pay or receive compensation relating to these arrangements. When the Advisers are permitted to raise a successor investment fund to a Fund, the Advisers may and likely will focus their investment activities on other opportunities and areas unrelated to such Fund's investments. To the extent an investment opportunity is received that is unsuitable for a Fund, in the Advisers' sole discretion, the Adviser and its personnel reserve the right to refer such opportunity to third parties or to make personal investments in the relevant opportunity. From time to time, investment opportunities are presented to Advisers that would be suitable not only for a Fund, but also for other Clients. In determining which Clients should participate in such investment opportunities, the Advisers and their affiliates are subject to conflicts of interest among the investors in such investment vehicles. The Advisers will allocate investment opportunities in a manner that they determine, in their sole discretion, is fair and equitable to the Clients under the circumstances over time and considering relevant factors, in accordance with the terms set forth in the respective Fund Documents. Nevertheless, there can be no assurance that a Fund's actual allocation of an investment opportunity, if any, or the terms on which that allocation is made, will be as favorable as they would be if the conflicts of interest to which the Advisers are be subject, discussed herein, did not exist. Except as required by the relevant Fund Documents, the Advisers are not obligated to recommend any investment to any particular Client. Investments by more than one Client of the Advisers in a portfolio investment increases the risk of using assets of a Client of the Advisers to support positions taken by other Clients.

Except to the extent prohibited by the Fund Documents, the Advisers and their personnel are permitted to market, organize, sponsor or act in other capacities (including as director, founder or manager) for other pooled investment vehicles, accounts or special purpose acquisition companies, the investment or business strategy of which does not overlap with the Fund(s) and to receive compensation (including in the form of management fees, performance-based compensation, founders' equity or similar interests) relating thereto. Subject to any limitations imposed by the relevant Fund Documents and anti-"assignment" provisions of the Advisers Act, the Advisers and their personnel are also permitted to offer, restructure and monetize interests in the Advisers.

The Advisers have certain inherent conflicts of interest with respect to allocating expenses among multiple Clients and other Clients and/or the Advisers. Subject to any relevant restrictions or other limitations contained in the Fund Documents, the Advisers will allocate fees and expenses in a manner

that they believe is in accordance with the relevant Fund Documents, and to the extent the relevant Fund Documents are silent on any such fee or expense, the Advisers will make any judgments in their sole discretion.

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

***Carried Interest.*** Because the Advisers' carried interest is based on a percentage of net realized profits, inherent incentives exist for the Advisers to cause a Fund to make riskier or more speculative investments than would otherwise be the case.

***Co-Investment.*** The Advisers serve as investment managers to certain co-invest vehicles that invest alongside the Funds in certain portfolio investments. In accordance with the Fund Documents, certain affiliates, third party investors and other persons are permitted to participate in the co-invest vehicles or in some cases co-invest directly in a particular portfolio investment. Generally, the Advisers will select which investors or other persons are permitted to co-invest in their sole discretion based on various factors, including (but not limited to) the sophistication of the investor, the ability of the investor to fund and complete the investment on a timely basis, the investor's expression of interest or right to co-invest granted by such investor's side letter arrangement, the terms of the applicable Fund Documents, and any other reason for including such investor or person. In circumstances where an entire investment could be made by a Fund, an Adviser is permitted to allocate a portion of such investment to one or more co-invest vehicles or other co-investors in accordance with such Fund's Fund Documents and the Advisers' allocation policy if an Adviser believes in its good faith judgment that the full investment by the Fund would not be in the best interests of the Fund or that a particular co-investor would add value to the Fund or the investment. Investors that participate in co-investments from time to time will be in a position to obtain certain additional information regarding the applicable portfolio investment that are not generally be available to investors in the applicable Fund. The Advisers' allocation of co-investment opportunities generally will not result in allocations that are proportional to the amounts committed, if any, by the relevant potential co-investors, and such allocations will likely be more or less advantageous to some persons or entities than to others. Additionally, conflicts of interest arise in the allocation of co-investment opportunities to the extent that such allocation benefits the Advisers instead of, or more than, the Funds or is not in the best interests of the Funds or any individual investor.

***Operating Partners, Senior Advisors and Consultants.*** The Advisers reserve the right to be reimbursed by a Fund for certain compensation and other fees and expenses that relate to the employment of Operating Partners, Senior Advisors or other persons serving as portfolio investment employees or consultants. Such rights to reimbursement create incentives to engage the services of such persons. In addition, portfolio investments are expected in the future to pay certain fees and expenses of Operating

Partners, Senior Advisors or other third-party consultants (including consultants introduced or arranged by the Advisers and/or their affiliates that regularly provide certain services to one or more Fund portfolio investments). Where such rates or terms include hourly components, the Advisers reserve the right to rely on approximations or estimates of time spent for purposes of allocating or charging for services. Any methodology, or choice among methodologies, involves potential conflicts of interest. Any such fees and expenses will not offset the Management Fee as described herein. In the future, the Advisers and their affiliates could employ personnel with pre-existing ownership interests in Fund portfolio investments. To the extent that Operating Partners, Senior Advisors or other persons serving as portfolio investment employees or consultants are paid retainers or guaranteed minimum compensation amounts, there is the possibility that certain portfolio investment or Funds will bear a greater share of such compensation due to the utilization of such person's services at a time when fewer portfolio investments or Funds make use of such person's services.

***Other Interests.*** In addition, the Advisers, their affiliates and/or their personnel maintain relationships with (or in the future, invest in) financial institutions or other service providers, some of which will invest (or will be affiliated with an investor) in, engage in transactions with and/or provide services to, the Advisers and/or their affiliates, and/or the Funds. Unless restricted by the Fund Documents, the Advisers' affiliates and personnel are permitted to serve on boards or act in other roles unaffiliated with Advisers, the Funds or their portfolio investments, including boards of charitable and educational institutions, public companies and former portfolio investments, and receive compensation in connection with such services and roles. In addition, from time to time portfolio companies of the Funds have been and in the future may be counterparties or participants in agreements, transactions or other arrangements with portfolio companies of other Funds that, although the Advisers determine to be consistent with the requirements of such Fund Documents, may not have otherwise been entered into but for the affiliation with the Advisers. In such cases there could be conflicts of interest between the Funds or portfolio companies and the Advisers will seek to resolve such conflicts as it deems appropriate. In other cases, the Advisers may not be aware or involved in such transactions between portfolio companies.

In connection with its services to the Funds and their portfolio investments, the Advisers, their affiliates and personnel expect to receive the benefit of certain tangible and intangible benefits. For example, in the course of the Advisers' operations, including research, due diligence, investment monitoring, operational improvements and investment activities, the Advisers and their personnel expect to receive and benefit from information, "know-how," experience, analysis and data relating to Fund or portfolio investment (as applicable) operations, terms, trends, market demands, customers, vendors and other metrics (collectively, "Adviser Information"). In many cases, Adviser Information will include tools, procedures and resources developed by the Advisers to organize or systematize Adviser Information for ongoing or future use. Although the Advisers expects their Funds and their portfolio investments generally to benefit from the Advisers' possession of Adviser Information, it is possible that any benefits will be experienced solely by other or future Funds or portfolio investments (or by the Advisers and their personnel) and not by the Fund or portfolio investment from which Adviser Information was originally received. Adviser Information will be the sole intellectual property of the Advisers and solely for the use of the Advisers. The Advisers reserve the right to use, share, license, sell or monetize Adviser Information, without offset to Management Fees, and the relevant Fund or portfolio investment will not receive any financial or other benefit of such use, sharing, licensure, sale or monetization. Additionally, expenses relating to the Funds or portfolio investments are expected to be charged using credit cards or other widely available third-party rewards programs that provide airline miles, hotel stays, travel rewards, traveler loyalty or status programs, "points," "cash back," rebates, discounts and other arrangements,

perquisites and benefits under the available terms of such reward programs. Such terms are expected to vary from time to time, and any such rewards (whether or not *de minimis* or difficult to value) generally will inure to the benefit of the personnel participating in the rewards program, rather than the portfolio investments, the Funds or their respective investors; no such rewards will offset Management Fees.

***Portfolio Investment Conflicts.*** Principals and employees of the Advisers reserve the right to serve as directors and officers of certain portfolio investments and, in that capacity, will be required to make decisions that consider the best interests of such portfolio investment and its shareholders. In certain circumstances (for example in situations involving bankruptcy or near-insolvency of a portfolio investment), actions that are in the best interests of the portfolio investment will not be in the best interests of a Fund, and vice versa. Accordingly, in these situations, conflicts of interests arise between such individual's duties as an employee of the Advisers and such individual's duties as a director of such portfolio investment.

***Joint Venture Partners.*** In the future, any joint venture investments made by a Fund under certain circumstances involve risks not otherwise present, including the possibility that the co-venturer might become bankrupt, that such co-venturer might at any time have economic or other business interests or goals which are inconsistent with the business interests or goals of the Fund, and that such co-venturer will be in a position to take action contrary to the instructions or the requests of the Fund or contrary to the Fund's policies and objectives. Such investments also have the potential risk of an impasse on decisions because neither co-venturer has full control over the joint venture. To the extent a dispute arises between affiliates of the Advisers, on the one hand, and such joint venture partners, on the other hand, the affected Fund's separate investments with such joint venture partners can also be adversely affected.

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

***Tax Changes.*** There have been recent legislative proposals to treat certain income allocations (including any carried interest) to service providers by partnerships such as the Funds as ordinary income for United States federal income tax purposes. Enactment of any such legislation, whether before or after the initial closing of a Fund, could adversely affect the investors, employees or other individuals associated with the Fund or the Advisers who were or may in the future be granted direct or indirect partnership interests entitling such persons to benefit from carried interest. This has the capacity to reduce such persons' after-tax returns from the Fund, which could make it more difficult for the Advisers to incentivize, attract and retain individuals to perform services for the Fund.

## **Item 9. Disciplinary Information**

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

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

The Management Company is affiliated with the General Partner, each of which is an investment adviser registered with the SEC under the Advisers Act in accordance with SEC guidance. Certain of the Management Company's principals, officers, employees and/or consultants serve the General Partner or other affiliates in a similar capacity.

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

##### **Code of Ethics and Personal Trading**

The Adviser has adopted a written Code of Ethics that is applicable to all of its officers and employees, as well as officers and employees of its affiliates and certain independent contractors (collectively, "Adviser Personnel"). The Code of Ethics, which is designed to comply with Rule 204A-1 under the Advisers Act, establishes guidelines for professional conduct and personal trading procedures, including certain reporting obligations and pre-clearance of any proposed purchase of any initial public offering or limited offering. Adviser Personnel and their families and households may purchase investments for their own accounts subject to the terms of the Code of Ethics. Under the Code of Ethics, Adviser Personnel are also required to file certain periodic reports as required by Rule 204A-1 under the Advisers Act. The Code of Ethics helps the Adviser detect and prevent potential conflicts of interest.

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

Accordingly, if the Advisers or any Adviser Personnel come into possession of material nonpublic or other confidential information with respect to any public company, the Advisers would be prohibited from communicating such information to the Advisers' Clients, including the Funds, and the Advisers will have no responsibility or liability for failing to disclose such information to any Client as a result of following the Advisers' policies and procedures designed to comply with applicable law. Similar restrictions may be applicable as a result of the Advisers' personnel serving as directors of public companies and may restrict investing on behalf of Funds. As a result, the Advisers may be prohibited from making an investment or monetizing an investment on behalf of a Fund, that they would otherwise make.

Additionally, the Adviser's Code of Ethics details restrictions and reporting requirements regarding the giving or receiving of gifts and/or entertainment to and/or from, among others, current or prospective investors, government officials, and union officials, by any Adviser Personnel.

Adviser Personnel who violate the Code of Ethics are be subject to remedial actions, including, but not



limited to, a letter of censure or suspension or termination of the employment of the violator. Adviser Personnel are required to annually acknowledge compliance with the Code of Ethics.

Clients and prospective clients may contact the Adviser to request a copy of its Code of Ethics.

### **Participation or Interest in Client Transactions**

The Advisers generally do not permit Adviser Personnel to undertake personal transactions in investments that the Adviser has made for a Client or is considering making on behalf of a Client. The Advisers and certain Adviser Personnel, however, may directly or indirectly own an interest in a Fund or in the future one or more Fund portfolio investments, including through a co-investment vehicle, subject to any applicable restrictions set forth in the applicable Fund Documents. As of the date hereof, the Advisers do not contemplate any significant capital commitments will be made by the Advisers or Adviser Personnel in any co-investment vehicle advised by the Advisers; *provided that* the Advisers or Adviser Personnel may make capital commitments either (a) in a *pro rata* amount with investors in such a co-invest vehicle or (b) in such amount as such Adviser or Adviser Personnel may determine is necessary or advisable to support the tax treatment desired for such Adviser's or Adviser Personnel's right to receive any profit-sharing interest therein. None of the Advisers or any Adviser Personnel has an investment or profit-sharing interest in any of the co-investment vehicles advised by the Adviser existing as of the date hereof.

### **Item 12. Brokerage Practices**

The Advisers focus on making equity investments in the energy section and generally purchase and sell investments through privately-negotiated transactions. The Advisers do not intend to regularly engage in public securities transactions that require the services of a broker-dealer and do not intend to engage in soft dollars transactions, directed brokerage or otherwise select or recommend broker-dealers for Clients or place securities transaction orders for Clients. In the event the Advisers' anticipated practices change, they will implement the policies and procedures they deem appropriate and will update Fund investors accordingly.

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

#### **Oversight and Monitoring**

Client investments are reviewed on an ongoing basis by a member of the Advisers' investment team. The team generally includes Managing Directors and other investment professionals of the Adviser. The investments made by a Fund are generally private, illiquid and long-term in nature. Accordingly, the review process of Fund investments is not directed toward a short-term decision to dispose of securities. The Adviser closely monitors the portfolio investments of the Fund and generally maintains an ongoing oversight position in such portfolio investments.

#### **Reporting**

The frequency and type of reporting provided by the Advisers may vary among Clients. Investors in a Fund will receive, among other things, a copy of audited financial statements of the Fund generally within 90 days after the fiscal year end. In addition, investors in a Fund will typically receive unaudited quarterly summary financial information regarding the Fund following the end of each financial quarter, as well as regular reporting updates through quarterly letters, investor meetings and other materials that the Advisers may provide throughout the year. In addition to the information provided to all investors, the Advisers provide certain investors with additional information or more frequent reports that other investors will not receive (e.g., in connection with due diligence requests from certain investors).

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

While not a client solicitation arrangement, the Advisers have engaged one or more persons to act as a placement agent for certain Funds in connection with the offer and sale of interests to potential investors. Such placement agents generally will receive a fee in an amount equal to a percentage of the capital commitments the applicable Funds have received from investors sourced by such placement agents. In the case of certain Funds, the Management Fees received by an Adviser will be reduced by the amount of such placement agent fees, although related expenses incurred by the placement agent (and its personnel) pursuant to the relevant placement agent or similar agreement, including but not limited to placement agent travel, meal and entertainment expenses, typically are borne by the relevant Fund(s).

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

The Advisers generally expect that they will be deemed to have “custody” (within the meaning of Adviser’s Act Rule 206(4)-2) of assets held in the name of one or more Clients, and intend to maintain such assets with a qualified custodian to the extent required by the Advisers Act and guidance issued by the U.S. Securities and Exchange Commission.

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

Investment advice is provided directly to the Funds and not individually to the investors in the Funds. Services are provided to the Funds in accordance with each Fund’s Operating Agreement. Investment restrictions for a Fund, if any, are generally established in Operating Agreement of the Fund. Pursuant to the terms of the applicable Fund Documents, the Advisers have discretion to manage investments on behalf of the Funds. As a general policy, the Advisers do not allow clients to place limitations on this discretionary authority. However, investors in certain Funds have certain investment opt-out rights as set forth in the Fund Documents for such Funds. In addition, the Advisers enter into side letter arrangements with certain investors whereby the terms applicable to such investors’ investments in a Fund may be altered or varied, including, in some cases, the right to opt-out of certain investments for legal, tax, regulatory or other similar reasons.

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

The Advisers have adopted proxy voting policies and procedures (the “Proxy Policy”) to address how they will vote proxies, as applicable, for each Client investment, including each Fund’s portfolio investments. The Proxy Policy seeks to ensure that the Advisers vote proxies or similar corporate actions in the best interests of the Advisers’ Clients, taking into account such factors as it deems relevant in its sole discretion. The Proxy Policy is designed to ensure that if a material conflict of interest is identified in connection with a particular proxy vote, that the vote is not improperly influenced by the conflict. The Advisers generally believe their interests are aligned with those of a Fund’s investors through the principals’ beneficial ownership interests in the Funds and therefore will generally not seek Fund investor approval or direction when voting proxies. In the event that there is a conflict of interest in voting proxies, the Proxy Policy provides that the Advisers address the conflict using several alternatives, including by seeking the approval or concurrence of a Fund’s Advisory Committee, if applicable, or through other alternatives set forth in the Proxy Policy. Clients and Fund investors who would like a copy of the Advisers’ Proxy Policy or information regarding how the Advisers voted proxies should contact the Advisers’ Chief Compliance Officer at (713) 357-9663, and such information will be provided at no charge.

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

The Advisers do not require prepayment of Management Fees more than six months in advance or have any other events requiring disclosure under this item of the Brochure.