

**FORM ADV PART 2A: Firm Brochure**

**Criterion Africa Partners, Inc**

4800 Hampden Lane, Suite 200  
Bethesda, Maryland 20814  
(301)580-0605

**March 2024**

This brochure ("**Brochure**") provides information about the qualifications and business practices of Criterion Africa Partners, Inc (hereinafter "**CAP**" or the "**Firm**"). If you have any questions about the contents of this Brochure, please contact George McPherson, CAP's Chief Compliance Officer ("**CCO**") at (301)580-0605 or [george@criteriafrica.com](mailto:george@criteriafrica.com).

The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("**SEC**") or by any state securities authority.

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

Any reference to CAP as a "registered investment adviser" or as being "registered" does not imply a certain level of skill or training.

**Item 2: Material Changes**

---

The last update of this Brochure was filed by CAP with the SEC on September 25, 2023. There have been no material changes since the last update of this Brochure.

**Item 3: Table of Contents**

---

Item 1: Cover Page .....	1
Item 2: Material Changes .....	2
Item 3: Table of Contents .....	3
Item 4: Advisory Business .....	4
Item 5: Fees and Compensation .....	5
Item 6: Performance-Based Fees and Side-By-Side Management .....	6
Item 7: Types of Clients .....	7
Item 8: Methods of Analysis, Investment Strategies and Risk of Loss .....	7
Item 9: Disciplinary Information .....	23
Item 10: Other Financial Industry Activities and Affiliations .....	23
Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....	23
Item 12: Brokerage Practices .....	24
Item 13: Review of Accounts .....	25
Item 14: Client Referrals and Other Compensation .....	25
Item 15: Custody .....	25
Item 16: Investment Discretion .....	25
Item 17: Voting Client Securities .....	25
Item 18: Financial Information .....	26

#### Item 4: Advisory Business

---

Criterion Africa Partners, Inc. (hereinafter “**CAP**”, or the “**Firm**”), an investment management company, was formed in 2017 and is headquartered in Bethesda, MD. CAP is majority owned and controlled by its employees. In addition, the Grantham Foundation for the Protection of the Environment (the “**Grantham Foundation**”) is a minority owner and strategic partner of CAP. Dr. Ole C. Sand is the Managing Principal of CAP and is responsible for overseeing all activities and investment decisions.

The Investment Committee at CAP is currently comprised of Dr. Sand and George McPherson (as well as a single independent member). The investment professionals at CAP have extensive experience in investing and operations in the forestry sector within Africa and elsewhere.

CAP’s principal place of business is in Bethesda, MD. The investment professionals of CAP are based in Stellenbosch and Johannesburg, South Africa as well as Bethesda, MD.

CAP manages and provides investment advisory services to a private fund, Africa Forestry Fund II Limited, a Mauritius limited life company (the “**Fund**” or “**AFF II**”). The Fund seeks long-term capital appreciation through investments (“**portfolio investments**”) in forestlands and forestry-related companies (“**portfolio companies**”) in Sub-Saharan Africa (“**SSA**” or the “**SSA Region**”), including forest projects, forest products processing, manufacturing and distribution facilities/projects, biomass projects and other value-added wood products businesses.

The Investment Committee will have ultimate decision-making authority in relation to all Fund investments.

CAP will manage the Fund pursuant to investment guidelines set forth in the relevant governing and offering documents of the Fund, including any Agreement, Investment Management Agreement, Private Placement Memorandum and/or Subscription Agreement (each an “**Offering Document**,” and collectively, the “**Offering Documents**”). The Offering Documents contain more detailed information about the Fund, including a description of the investment objective and strategy or strategies employed by the Fund and related restrictions that serve as a limitation on CAP’s advice or management.

CAP will not tailor its advisory services to the individual investors in the Fund (each an “**Investor**” and collectively the “**Investors**”), or provide Investors with the right to specify, or restrict the Fund’s investment objectives or any investment decisions. Accordingly, an investment in the Fund does not create a client-adviser relationship between such Investors and CAP.

The Fund relies on an exception from the definition of an “investment company” provided by Section 3(c)(1) of the U.S. Investment Company Act of 1940, as amended (the “**Investment Company Act**”).

Each Investor is strongly encouraged to undertake appropriate due diligence, including but not limited to a review of relevant Offering Documents and the additional details about CAP’s investment strategies, methods of analysis and related risks (as discussed in Item 8 of this Brochure and each Fund’s Offering Documents) in considering whether CAP’s advisory services, or an investment in the Fund are appropriate to its own circumstances, based on all relevant factors including, but not limited to, the Investor’s own investment objectives, liquidity requirements, tax situation and risk tolerance before making an investment decision.

In addition to managing the Fund, CAP also provides sub-advisory services in the wind down of a private fund that also maintains investments in the SSA Region.

CAP does not participate in wrap fee programs.

As of December 31, 2023, CAP managed approximately \$102,151,090 in discretionary regulatory assets under management in the Fund.

Additional detailed information about CAP is provided in this Brochure, including information about CAP's advisory services, investment approach, personnel, affiliations, and risk factors.

The descriptions set forth in this Brochure of specific advisory services that CAP offers to its clients, and investment strategies pursued, and investments made by us on behalf of the clients, should not be understood to limit in any way the Firm's investment activities. CAP may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that CAP considers appropriate, subject to each client's investment objectives and guidelines. The investment strategies CAP pursues are speculative and entail substantial risks. Clients should be prepared to bear a substantial loss of capital. There can be no assurances that the investment objective of any client will be achieved.

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

---

CAP provides investment advisory services to the Fund pursuant to the applicable Offering Documents. The applicable Offering Documents set forth in detail the fees and, as applicable, carried interest structure, relevant to the Fund. All prospective Investors should review the Offering Documents in conjunction with this Brochure for complete information on the fees and compensation payable with respect to the advisory relationship with CAP.

CAP, as applicable, may reduce, waive, or modify any fees for any Client or Investor in the Firm's sole discretion. Any such modification in respect of a certain Client or Investor will not entitle any other Client or Investor to the same or similar treatment.

### **Advisory Fees**

As investment adviser to the Fund, as further described in the Fund's Offering Documents, CAP receives an advisory fee (the "**Advisory Fee**") generally equal to an annual rate of 2.0% of commitments, charged quarterly in advance (and pro-rated for any period that is less than a full fiscal year) and will be paid from capital contributions from Investors.

CAP may reduce, waive or calculate differently the Advisory Fee for certain Investors, including but not limited to CAP and any other director or officer of CAP; any member of the immediate family of any such person; and any trust or other entity established for the benefit of any such person that invests directly or indirectly in the Fund (collectively, the "**Affiliated Partners**").

### **Other Fees and Expenses**

The Fund will pay all expenses relating to the operation of the Fund and its proposed or actual investments, including but not limited to the Advisory Fee; the out-of-pocket expenses incurred in connection with maintaining the existence of the Fund and related vehicles and the routine administrative expenses of the Fund and any related vehicles, including all costs and expenses in connection with any required registration or regulatory compliance by the Fund; expenses of outside counsel, consultants, accountants, administrators and other outside professionals; travel and accommodation expenses incurred by CAP and its affiliates in connection with their activities; costs and expenses associated with purchasing, holding and selling of investments (to the extent not reimbursed by portfolio companies, by sellers or other third parties, and not otherwise capitalized as part of such investments); unconsummated transaction expenses, to the extent not assumed by CAP; the costs of any litigation, D&O liability or other insurance (including, without limitation, for members of the Advisory Committee of the Fund – which is comprised of approximately three Investors which maintain a significant investment in the Fund, and are selected by the Board of Directors of the Fund (as described in the Offering Documents of the Fund); costs and expenses of any meetings of Investors and of the Advisory Committee (up to \$5,000 per annum per Advisory Committee member); out-of-pocket costs of reporting to, and communications with, Investors; regulatory and compliance costs and expenses of the Fund in connection with the European Union's Alternative Investment Fund Managers Directive and other regulatory and compliance

costs of the Fund; any taxes, fees or other governmental charges levied against the Fund; and all other costs and expenses of the Fund or CAP in connection with the Fund, other than expenses expressly allocable to CAP.

The Fund's actual annual operating expenses will be disclosed in each Fund's year-end audited financial statements, which are provided to each Investor in the Funds upon request.

### **Portfolio Investment Fees**

As more fully described in the applicable Offering Documents for the Fund, CAP and its affiliates and their respective officers or employees may be entitled to receive topping, break-up, monitoring, directors', organizational, set-up, advisory, investment banking, underwriting, syndication, transaction and other similar fees in connection with the advisory and assistance services in respect of the purchase, monitoring, or disposition of investments or from un consummated transactions, including warrants, options, derivatives and other rights (including stock options or other compensation granted or paid by portfolio companies to or in respect of any officer or employee of CAP or its affiliates who serves in a bona fide non-director management capacity at or in respect of any portfolio company), in each case valued as of the grant date.

### **Fund Expense Cap**

Unless otherwise approved by the Advisory Committee, Fund expenses will be capped at 2% of commitments per annum, provided that, for the avoidance of doubt, this cap will not apply to organizational expenses and Fund expenses for (a) Advisory Fee, (b) un consummated transaction expenses, (c) indemnification expenses, (d) taxes and expenses of the "Tax Matters Partner" acting in such capacity, (e) insurance for the Advisory Committee members, (f) costs related to portfolio investments or dispositions including, e.g., the cost of intermediate vehicles, legal fees, notary, bank, administrator and brokerage fees, and taxes, (g) litigation expenses incurred by the Fund, and local VAT, and amounts payable by the Fund pursuant to clauses (a) through (h) above shall be Fund expenses but will not be counted towards or subject to the cap on Fund expenses. Any Fund expenses paid or payable by the Fund and reimbursed by third parties will not be counted towards the cap on Fund expenses described above.

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

---

CAP or an affiliate shall be entitled to "Carried Interest" equal to a percentage of the return on capital distributed by the Fund after a preferred rate of return calculated based on proceeds received from the investments of the Fund. The Carried Interest payable to CAP is detailed in the Offering Documents of the Fund and is based generally, upon the following distribution waterfall:

- Return of all capital contributions for investments;
- Expenses, borrowings, guarantees, and management fees to Investors;
- Preferred Return of 8% thereon to Investors;
- 100% "catch up" to CAP equal to 20% of all amounts distributed pursuant to this and the prior clause; and
- Thereafter, 20% as Carried Interest to CAP and 80% to Investors.

CAP is permitted, at any time and in its sole and absolute discretion, to waive, reduce or calculate differently all or any portion of the Carried Interest distributions with respect to any Investor. CAP is also permitted to elect, in respect of any portion of its Carried Interest distributions with respect to an Investor, to defer receipt of such distributions in respect of such Investor and receive distributions at a later date equal to the amount deferred.

---

**Item 7: Types of Clients**

---

CAP provides discretionary investment advisory services to the Fund, and not individually to the Investors in the Fund. Each Investor generally must be (i) an “accredited investor”, as defined in Regulation D under the U.S. Securities Act of 1933 (the “**Securities Act**”), and (ii) either a “qualified purchaser”, as defined in the U.S. Investment Company Act of 1940 (the “**Company Act**”), or a “knowledgeable employee”, as defined under Rule 3c-5 of the Company Act and must meet other suitability requirements.

---

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

---

In advising the Fund, CAP will target investment opportunities throughout Sub-Saharan Africa. CAP will seek to generate high-quality, proprietary deal flow in highly specialized and underserved segments of the forestry industry through CAP’s relationships and deal sourcing capabilities. In advising the Fund, CAP intends to manage and improve these forestry assets to generate Fund returns by taking advantage of CAP’s long presence and the Firm’s long network of managers and partners in Africa.

**Investment Approach**

CAP will seek to invest in a broad range of opportunities including the rehabilitation of established timber plantations, downstream manufacturing and biomass-to-energy investments. Each of these opportunities has unique investment characteristics in terms of risk, investment size, cash flows, capital investment needs and exit opportunities. CAP believes that diversification across different types of investments will help to balance risk and cash flows, take full advantage of the management capabilities of CAP, and maximize the performance of the Fund. For reasons explained in more detail below, CAP believes the best investment strategy for the Fund is to focus the majority of the investments towards the mature, semi-mature plantations and downstream manufacturing assets. Broadly speaking, the investable universe for the Fund can be divided into the following three categories:

- Rehabilitation of Semi-Mature and Mature Plantations;
- Panel Production and Distribution; and
- Biomass to Steam.

**Investment Strategy**

The investment strategy of the Fund is to target existing plantations, downstream manufacturing and biomass-to-steam opportunities.

*Valuations:* In CAP’s opinion, the valuation levels for established African timberland assets strongly favor a “buy over build” strategy. Specifically, the Team believes that on a selective basis it is possible to acquire semi-mature and mature plantation assets at valuation levels representing discounts relative to the cost of establishing such plantations from greenfield and/or early development stages.

*Value creation program:* The African forestry sector is in many ways currently in a stage of restructuring to adapt to rapidly changing market conditions. CAP believes there are good opportunities to design and execute value creation programs throughout the value chain which will allow established timber assets to generate better returns than what has been pursued by prior ownership and management regimes.

*CAP’s Competencies:* CAP’s competency, knowledge and experience, as well as the Firm’s established network of downstream partnerships, provide a unique advantage across the entire value chain from the resource through to the end market.

**The African Forestry Opportunity**

CAP believes that the African forestry sector suffers from inadequate investments along the value-chain, causing inefficiencies and requiring increased imports of basic building materials. Increasing reliance on

imports forces consumers to pay higher prices while negatively impacting foreign exchange and trade balances for governments. While the investable universe of forest plantation assets in SSA is limited, the investment opportunity set is quite large when downstream industrial activities are included. Having capital and access to management expertise and capacity creates many opportunities.

CAP believes that the lack of investments in the African forestry sector combined with poor management and changes in the supply-demand dynamics have created a fragmented market with inefficiencies along the value-chain. CAP expects the favorable supply-demand trajectory for forest products in Africa, along with increasing demand for renewable biomass energy, to attract and support additional investment into African forestry projects. Early entrants to the forestry sector in Africa may benefit from both value-creation opportunities due to market inefficiencies and the increased liquidity that could be associated with a maturing of the forestry investment sector in the coming years.

Improved management of existing plantations, along with the associated processing, distribution, and market infrastructure, have important environmental and economic development implications for Africa. Increasing attention is being paid at a global level to the role that forests play in mitigating climate change, and to the particular opportunities available in Africa. On a more local level, forestry operations, their associated processing facilities, and the businesses which support the forestry industry provide key drivers of economic development and job creation in rural SSA Regions of Africa where often few other options exist.

Based on almost a decade of active involvement in the forestry sector and the building of a team with life-long experience in the sector, CAP has become an experienced forestry investor in SSA. CAP has developed valuable relationships worldwide with entrepreneurs, forest industry experts, silviculture specialists, forest products traders, government officials, environmentalists, carbon project developers, and leaders in the forestry business community.

Due to CAP's positive reputation in Africa, along with its recognized industry expertise and network, CAP is often sought out as an investment partner in the forestry sector. CAP intends to capitalize on its established position in the marketplace to identify attractive proprietary investment opportunities for the Fund.

### **Investment Committee**

At all times CAP will maintain an establish an Investment Committee of at least three members (including at least one member who is not an employee of CAP (such member, the “**Independent Member**”)) to which it shall delegate the functions of reviewing all potential investment opportunities and determine whether such opportunities meet the objectives of the Fund. The current members of the Investment Committee are Ole C. Sand, George McPherson, and David Hathorn (as the Independent Member). CAP may add members to, or replace existing members on, the Investment Committee.

### **CAP'S Involvement with Portfolio Companies**

CAP's approach to sustainable forestry investment is well-suited to take advantage of the opportunities, as well as meeting the challenges, of the forestry sector in Africa. Where practicable, CAP, on behalf of the Fund, will exercise substantial control over portfolio investments, and CAP will be actively involved in the oversight and management of the portfolio company. Such control and management may take the form of representation on the board of directors of portfolio companies, direct involvement in the appointment of managers, and other consultation or participation in material management decisions.

### **Sustainability and Economic Impact**

In support of the Fund's goal of long-term capital appreciation, CAP will advise on the conduct of evaluation of investment opportunities and monitoring and management of portfolio companies in accordance with the Fund's environmental, social and governance standards (the “**ESG Program**”).



CAP expects that implementation of the ESG Program will increase long-term portfolio company value by promoting sustainability, improving employee productivity, and aligning the interests of stakeholders. In addition, the Fund's ESG Program is consistent with the Forest Stewardship Council ("FSC") standards which CAP believes allows portfolio companies to mitigate a broad range of risks, and to add to the long-term value of the forestlands managed in accordance with these standards.

The ESG Program includes a focus upon:

*Environmental Sustainability.* CAP is committed to environmental sustainability, a set of values which is consistent with maximizing the value of forestry assets in emerging markets. Where reasonably possible, in managing the Fund, CAP will seek FSC certification for each of its investments and will otherwise seek to operate the portfolio companies in a manner consistent with FSC Principles and Criteria. In addition, on behalf of the Fund, CAP may set aside significant conservation reserves within its forestry investments.

*Community Investment.* The Fund, through its investments, expects to drive local economic development by creating jobs in the SSA Regions where its forests and companies are located. In addition, portfolio company managers may offer assistance in meeting the basic needs of their employees, their families and their communities. CAP believes that the development of community resources such as schools, health clinics, housing, clean water and HIV-prevention programs leads to a more productive workforce and thus a more successful investment. In managing the Fund, CAP may also seek to develop opportunities for community businesses that take advantage of forest resources, such as small-holder programs, agro- forestry intercropping or the development and marketing of non-timber forest products.

### **Working With Management Teams**

CAP will work actively with each of the Fund's portfolio companies, and expects to add value through investments in management, employees, silviculture, sawmills, and biomass energy. Where practicable, through an investment from the Fund, CAP expects to exercise substantial control over the Fund's portfolio investments, and will be actively involved in the oversight of management of the portfolio companies. Such control and oversight may take the form of representation on the board of directors of portfolio companies, direct involvement in the appointment of managers, and other consultation or participation in material management decisions.

### **Employee Training**

In an effort to ensure that the portfolio companies held by the Fund, have access to well-qualified employees, CAP expects to prioritize investments in workforce training within the Fund's portfolio investments, covering topics such as lumber grading and manufacturing training, as well as basic education such as numeracy and literacy, computer skills and life skills such as household budgeting, health and nutrition. These investments in employee training are expected to improve the productivity of operations in the short term and, in the long term, add value to the business of the portfolio companies.

### **Culture and Worker Safety**

CAP will seek to improve the workplace safety, culture, morale, and commitment among the employees and communities associated with the Fund's portfolio companies. Treating employees with respect and providing the training and opportunity to succeed in the workplace all are expected to build pride and ownership in the long-term success of each of the Fund's portfolio of businesses.

CAP will place a premium on safety by working with the senior management of each portfolio company to develop and instill a culture that emphasizes compliance, training, proper equipment and global forestry sector best practices.

**Silviculture and Forest Genetics**

The Fund will rely on the technical expertise of the CAP, outside consultants and managers in designing and implementing forest management plans that seek to maximize the long-term value of its investments. Management decisions will be made in the context of site conditions, the age and condition of any existing standing timber, existing and planned processing infrastructure, and SSA Regional and global markets for forest products. Silviculture activities will include, as appropriate, planting, weed and insect control, pruning, non-commercial and commercial thinnings, and commercial harvests. These activities will be overseen by portfolio company managers, with support as needed by CAP and by outside technical consultants.

**Sawmills and other Downstream Processing Activities**

A core element of CAP's investment thesis is its industrial strategy. In order to capture the greatest value from forestry investments, it is often necessary to acquire or build sawmills and/or other associated processing facilities in conjunction with forest assets. This is especially true in Africa, where most SSA Regions lack alternative markets for logs and other commercial forest products.

The Fund's manufacturing investments will be made in a manner that CAP believes is appropriate to the scale and stage of development of the forestry assets available. CAP does not anticipate making Fund in capital intensive pulp and paper operations. In managing the Fund, CAP's primary focus in its industrial strategy is expected to be on solid wood products (such as poles, lumber, plywood and other engineered panels) and biomass energy.

**Marketing**

The Fund will take advantage of CAP's international marketing expertise and is expected to form partnerships to apply marketing strategies that increase the long-term value of the Fund's investments. CAP will carefully monitor both domestic and international markets, and adjust the Fund's marketing strategy as deemed necessary to respond to changes in markets, currencies, and other external factors. Where appropriate, CAP will also develop strategic marketing partnerships with international traders of forest products.

**Biomass Energy**

Attractive opportunities to replace heavy fuel oil with biomass to generate steam (and in some cases power) exist across SSA. In managing the Fund, CAP will pursue these opportunities with an experienced engineering partner and provide solutions to well established customers requiring attractive, long-term off-take contracts for steam which is an integral part of their business.

**Fire Protection**

Fire is a significant risk for plantations in Africa. Hot dry seasons combined with heavy winds and regular use of burning in agriculture and forestry all work together to increase the risk of catastrophic fire. The risk is even higher for companies that do not prioritize fire prevention and control.

CAP will work closely with each of the Fund's portfolio companies to design and implement robust fire control systems. Fire prevention will be emphasized and taught to both the staff and contractors of the companies, as well as to members of the surrounding communities. Fire crews will be trained in the early detection and rapid response to any suspected fire outbreak. It is expected that crews will be provided with the necessary equipment and manpower to contain and control fire outbreaks, and in the case of significant incidents will be fully supported by the staff and contractors of the Fund's portfolio company as well as by members of the outside community where available.

CAP will seek to further mitigate fire risk by obtaining fire insurance if and when available at a reasonable

cost.

### **Exit Strategy**

CAP expects that during the term of the Fund, there will continue to be increasing demand in SSA for forest products, and continued positive economic development in Africa. These trends are expected to lead to more international investment in the African forestry sector, and thus an increased number of exit options available to the Fund. CAP anticipates that these could include a sale to one or a combination of strategic investors, management or co-investors, a South African entity, local owners, or global financial investors. Further, an international public offering of aggregated assets also may be considered.

### **Risk of Loss, Risk Factors and Conflicts of Interest**

An investment in the Fund involves a high degree of risk. The following list of risk factors does not purport to be a complete disclosure of all risks that may be relevant to a decision to purchase an interest in the Fund. Prospective Investors of the Fund should carefully consider the following investment risks and considerations in evaluating CAP, the Fund and its business before deciding to purchase an interest in the Fund. As a result of these considerations, as well as other risks inherent in any investment, there can be no assurance that CAP or the Fund will meet its investment objectives or otherwise be able to successfully carry out its investment programs, or that an Investor in the Fund will receive a return of capital.

### **General Risks of Investing in Securities**

Private equity type investing involves a high degree of business and financial risk that may result in substantial losses. In order for the Fund to succeed, it must be able to accurately identify potentially successful enterprises, a process that is difficult even for those with extensive relevant experience. Portfolio companies may be operating at a loss or with substantial variations in operating results from period to period and may need substantial amounts of additional capital to support expansion or to achieve or maintain a competitive position. An investment in the Fund is highly speculative, involves a high degree of risk and could result in the loss of part or all of an Investor's capital contribution. Therefore, prospective Investors should not invest unless they can bear such a loss. Moreover, there can be no assurance that the Fund's investment objectives will be achieved, and investment results may vary materially from one reporting period to the next. Consequently, an investment in the Fund is suitable only for sophisticated investors who are capable of making an informed and independent decision as to the risks involved in an investment in the Fund.

### **The Fund's Assets and Reliance Upon Portfolio Company Management**

The success of the Fund will depend on the success of the portfolio companies held by the Fund. Although CAP generally expects to secure representation on the board of directors of the portfolio companies, neither the Fund nor CAP are expected to have an active role in the day-to-day management of any portfolio company. There can be no assurance that the existing management of any portfolio company will continue to operate their respective businesses successfully. To the extent that senior management of a portfolio company performs poorly, or if a key manager terminates his, her or its employment with a portfolio company, the Fund's investment in any such portfolio company could be adversely affected.

### **No Diversification**

The Fund will generally not diversify its investment portfolio and generally all of the Fund's investable assets will be invested in the portfolio companies. Therefore, the Fund will be more susceptible to fluctuations in value resulting from adverse economic conditions affecting the performance of the portfolio companies than less concentrated portfolios would be. As a result the Fund's return may be volatile and subject to significant losses if its positions in the portfolio investment decline in value or are otherwise adversely affected. The Fund will not actively seek to minimize or hedge any risks since the purpose of the Fund is primarily to invest in the portfolio investment.

### **Limited Operating History**

CAP and the Fund have limited operating history upon which prospective Investors can evaluate the anticipated performance of the Fund. The past performance of CAP or its affiliates may not be indicative of the future performance of the Fund.

***All Portfolio Investments in Securities Risk the Loss of Capital***

No guarantee or representation is made that the Fund's investment program will be successful. The investment program will involve, without limitation, risks associated with limited diversification, volatility, investment in privately held equities, and other risks inherent in the Fund's activities. The Fund's investment in the portfolio companies may be materially affected by conditions in the financial markets and overall economic conditions occurring globally and in particular countries or markets where the Fund may invest its assets.

***Limited Liquidity***

An investment in the Fund provides limited liquidity since the interests are not freely transferable and an Investor has no withdrawal rights. Therefore, prospective Investors should proceed on the assumption that they will have to bear the economic risk of the portfolio investments through the Fund's term. An investment in the Fund is suitable only for sophisticated investors who do not require immediate liquidity for their investment.

***Investment and Due Diligence Process***

Before making investments, CAP will conduct due diligence that it deems reasonable and appropriate based on the facts and circumstances applicable to each investment. When conducting due diligence, CAP may be required to evaluate important and complex business, financial, tax, accounting and legal issues. When conducting due diligence and making an assessment regarding an investment, CAP will rely on the resources reasonably available to it, which in some circumstances, whether or not known to CAP at the time, may not be sufficient, accurate, complete or reliable. Due diligence may not reveal or highlight matters that could have a material adverse effect on the value of an investment.

***Physical Risks***

Natural causes such as fire, insect infestation, severe weather, disease, natural disasters and other causes beyond the control of CAP and its affiliates may have an impact on the timing of harvests, or reduce the volume and value of timber harvested from the Fund's timberlands. This, in turn, may adversely affect the operations and financial condition of the Fund's portfolio investments. For example, infestation by certain insects could necessitate the early harvesting of affected trees. Extreme drought conditions could reduce the survival rate of young trees. Prolonged periods of adverse weather could negatively affect the quality of the timber produced, negatively affecting the value of the harvest. Consistent with normal industry practice, the Fund does not intend to maintain insurance for any loss to its timber, including from losses due to these causes. While the Fund will attempt to mitigate these risks by constructing a portfolio diversified by geography and species and actively managing its timberland, significant natural disasters and similar events could have a significant negative impact on the Fund's financial results.

Fire is a significant risk for plantations and forests, as well as forest products manufacturing or processing facilities. In parts of SSA, hot dry seasons combine with heavy winds and regular use of burning in agriculture and forestry to increase the risk of catastrophic fire beyond the standard rate of fire loss in other SSA Regions of the world. While CAP expects portfolio companies to implement modern and aggressive policies to counteract fire risk, there can be no assurance that a portfolio company or the Fund will not suffer material losses from fire. Consistent with normal industry practice, the Fund does not intend to maintain insurance against losses from fire.

***General Economic and Market Conditions***

The operating revenues of the Fund's portfolio companies may be dependent on prevailing market prices for wood products, which can fluctuate unpredictably over time. Prevailing wood product prices are affected by changes in supply and demand, especially within a particular geographic area. Decreases in

demand, increases in supply, or both, may reduce timber prices, which in turn may reduce the revenues of portfolio companies, and affect their ability to make distributions to the Fund. The industries that use various wood products drive the demand for them. Local markets may determine prices in a manner that is largely independent from other markets. It is also possible that all markets could deteriorate simultaneously, and negatively affect the ability of the Fund's portfolio companies to make distributions.

The demand for most timber suitable for sawing into lumber depends on the level of construction, repair and remodeling activity occurring in the general economy. Interest rates and other local, national and international economic conditions affect the level of construction, repair and remodeling activity. A slowdown in construction and/or remodeling is likely to reduce demand for timber, which may reduce forestry company revenues. Wood substitutes and lower quality wood products may increasingly compete with higher quality sawtimber, which could also reduce demand for the timber from portfolio companies.

Demand for sawlogs and pulpwood is affected by various factors in the world economy, such as SSA Regional growth rates, construction activity, changes in currency exchange rates and capital spending. Broadly, demand for timber and wood products is affected by the general level of global economic activity. Pulpmills' output is primarily sold to large retail sellers of paper products, while demand for sawtimber is greatly affected by housing starts. In the event of a decline in paper usage or housing sector activity, paper retailers or construction firms may reduce their demand on pulpmills or sawmills, and the market for pulpwood or sawtimber could be adversely affected, resulting in reduced distributions from the Fund's portfolio companies.

Additionally, if paper recycling were to become more widely practiced, reduced demand for new paper made from pulpwood could result. The number of timber sellers and the volume of timber available for sale determine the supply of timber. Historically, increases in timber prices have caused owners of timberlands to increase their timber cutting. An increase in supply may partly offset price increases.

Much of the value of a portfolio company's timberlands will be in the value of its standing timber. Timber values are generally established by estimating timber volumes and analyzing the prices realized in recent timber sales. Estimation of timber volumes is inexact and uses sampling techniques that cannot identify with certainty the actual volume of timber on a particular property. As a result, the volume of timber on a property may differ substantially from estimates. In respect of prices, no definitive pricing information exists. Timber markets can therefore be inefficient and prices for a given species and quality can vary widely from one location to another. In view of the foregoing, the Fund may materially mis-value one or more portfolio companies.

### ***Political and Economic Risks***

Investing in emerging markets and states in political transition, such as those in the SSA, carries economic risks. These risks include economic instability caused by many different factors, including, without limitation, high interest rates; changes in currency values; high levels of inflation; exchange controls; wage and price controls; foreign currency reserves; changes in economic or tax policies by national governments; the imposition of trade barriers; internal security issues; and ethno-political conflict. Any of these factors may increase in importance during the term of the Fund and cause a material adverse effect upon the economic climate in which the Fund's Portfolio Companies are operating.

The political, economic, social and foreign policies of certain countries in Africa have been radically changed at times by succeeding governments. The investments made by the Fund may be adversely affected by government policies changing at a much more rapid rate than that to which investors are accustomed in Europe and North America. Further, certain countries in the SSA Region have experienced relatively recently a political and social transformation from an authoritarian state to a more democratic form of governance with a market-based economy. Because of the scale of the political and economic change often implicated, these countries are more susceptible to unrest arising from economic hardship, uneven distribution of wealth, discontent with privatization, social and ethnic instability, or reform of the social welfare system and public subsidies, as well as the lack of an effective social safety net.

Foreign investment in certain countries in the SSA Region may be restricted or controlled to varying degrees. These restrictions or controls may at times limit or preclude foreign investment and increase the costs and expenses of the Fund, as well as require governmental approval for the sale of securities by the Fund to residents of emerging market countries. Certain countries may require governmental approval prior to investments by the Fund, limit the amount of investment by the Fund, or limit the investment by the Fund to only a specific class of securities of an entity that may have less advantageous terms.

While CAP generally expects the pace of privatization to continue in much of Africa, sales of government owned shares frequently are subject to a variety of political pressures that could adversely affect many governments' commitment to the privatization process. Further, a change in the political environment may pose a risk to a foreign investor purchasing shares formerly owned by the government if anti-market politicians successfully oppose government sell-offs. While the governments of countries in which the Fund expects to invest generally have enacted reforms lessening state control over the economy and have made efforts to move towards a more market-oriented economy, there can be no assurance that these reforms will continue or, if continued, will be successful or not reversed in the near future.

Crime, corruption and fraud in African nations, as well as ties between government, agencies or officials and the private sector, have resulted – and could in the future result – in preferential treatment for local competitors of CAP, the Fund, or the portfolio companies held by the Fund, inefficient resource allocation, arbitrary decisions and other practices or policies that could have a material adverse effect on the Fund's investments. In addition, the Fund and its portfolio companies will be subject to the possibility of expropriation or confiscatory taxation.

#### ***Lack of Securities Markets in Africa***

Africa's securities markets are generally less developed than U.S. and European securities markets, and feature relatively small market capitalizations and trading values. This may cause the Fund's portfolio investments, if any, in securities listed on these exchanges to be comparatively less liquid and subject to greater price volatility. A high proportion of the shares of many issuers in Africa may be held by a limited number of persons, which may limit the number of shares available for investment by the Fund. A limited number of issuers may represent a disproportionately large percentage of market capitalization and trading value. The limited liquidity of these securities markets may also affect the Fund's ability to acquire or dispose of securities at desirable prices and times. Africa's stock exchanges have in the past experienced substantial fluctuations in the prices of their listed securities, as well as temporary exchange closures, broker defaults, settlement delays and broker strikes. Any such events or conditions could affect the market price and liquidity of the securities in which the Fund invests.

#### ***Forest Regulatory Risks***

A portfolio company's operations may be subject to laws and regulations specifically governing forestry operations and health and safety. These laws could impose significant costs, penalties and liabilities on an employer for violations, whether or not the enterprise caused or knew about such violations, which could adversely affect operating results. Future and existing environmental laws and regulations could adversely affect timberland revenues, as well as limit portfolio companies' ability to make periodic cash distributions. The supply of timber available for harvest is affected by, among other things, environmental and other legal restrictions on harvesting.

Changes in policy and regulation in a country may adversely impact the long-term sustainability of portfolio companies in the country and therefore adversely impact their ability to make scheduled payments to the Fund. For example, changes in government regulations and policies could adversely affect timber prices. Government agencies may have the ability to affect the market for timber due to their timberland holdings. Any substantial increase in sales of timber from government lands could reduce timber prices. Alternatively, government-imposed conservation and environmental restrictions, whether national, state or local, could result in a reduced ability to harvest from timberlands in such jurisdictions.



***Increased Regulatory Oversight***

Increased regulation (whether promulgated under securities laws or any other applicable law) and regulatory oversight of and changes in law applicable to private investment funds and their managers may impose administrative burdens on CAP, including responding to examinations and other regulatory inquiries and implementing policies and procedures. Such administrative burdens may divert CAP's time, attention and resources from portfolio management activities to responding to inquiries, examinations and enforcement actions (or threats thereof). Regulatory inquiries often are confidential in nature, may involve a review of an individual's or a firm's activities or may involve studies of the industry or industry practices, as well as the practices of a particular institution.

***Enforceability of Foreign Judgments***

The Fund may encounter difficulties in pursuing legal remedies or in obtaining or enforcing judgments in non-U.S. courts.

***Competition from Alternative Building Materials***

The extent of use of alternative building materials, such as steel, plastics and composite materials composed of less wood, may negatively affect the supply and demand for wood products, and thus the price of and value of portfolio company holdings. Decreases in demand may reduce timber prices, which in turn may reduce portfolio companies' revenues and affect their ability to make distributions.

***Direct Competition from the Forest Products Industry***

Many of the major international pulp and paper industry processors own large tracts of timberland in South Africa. In times of high timber prices in the local market, mills controlled by the major international processors may give preference to timber cut from their own holdings and reduce or attempt to reduce purchases from the Fund's portfolio companies.

***Risks and Complications of Government Negotiations***

Many tracts of timberland in SSA are controlled by national, state, provincial or local governments. CAP, the Fund, or the portfolio companies may engage in negotiations or discussions with government officials in order to purchase, lease or obtain a concession to manage such lands. Negotiations with government officials in many countries in SSA can heighten risks such as potential liability for CAP, the Fund and its affiliates under the United States Foreign Corrupt Practices Act and similar European anti-corruption statutes. These negotiations are frequently time-consuming and imprecise, with resultant increased transaction costs to the Fund.

Furthermore, concessions negotiated with governments remain subject to the continued goodwill of the relevant government entity, and disputes may be more difficult to resolve, e.g., in court. The government entity which concluded a concession with a portfolio company may be succeeded by a government unwilling to follow the agreements and policies of its predecessor, and in any event a higher governmental authority of the country at issue could overrule the lower government with whom negotiations were held, voiding the concession.

***Reliance on Transportation***

The operating success and value of many portfolio companies will depend on the ability of the portfolio company to bring its sawlogs and pulp to manufacturers, or its manufactured and milled products to African and global markets. This may necessitate costly and complex transportation logistics, with the risk of disruption due to weather-related problems, aging or sub-standard infrastructure, strikes, or other causes. In turn, these could impair the impacted portfolio company's operations, profitability and value. As the timberlands of portfolio companies are likely to be located a significant distance from necessary markets, a disruption in transportation logistics could materially and adversely affect the Fund's investment performance. Further, transportation infrastructure in Africa is generally less reliable and

efficient than its equivalent in North America and Europe.

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

In connection with the disposition of the Fund's investment in a portfolio company, the Fund may be required to make representations about the business and financial affairs of such portfolio company typical of those made in connection with the sale of a business. The Fund also may be required to indemnify the purchasers of such Fund investment to the extent that any such representations are inaccurate or with respect to certain potential liabilities. These arrangements may result in the incurrence of contingent liabilities for which CAP may establish reserves or escrows. In that regard, Investors may be required to return amounts distributed to them to fund obligations, including indemnity obligations, subject to certain limitations set forth in the Offering Documents.

***Labor Activism and Unrest***

Timberlands and forest products operations are labor intensive. The Fund will be subject to the risks associated with organizing and administering large scale employment, and may be subject to the risks associated with unionized labor, although labor unions in Africa are generally less powerful and prevalent than in Western nations. Even with such reduced union presence, labor activism and unrest could disrupt operations.

Further, a core element of the Fund's investment thesis is its industrial strategy, in order to capture the greatest value from some forestry investments by acquiring or building sawmills. However, such manufacturing and processing facilities are more likely than forest and plantation worksites to face labor activism and unrest, due to factors including a concentrated and potentially more educated workforce. Labor activism and unrest could adversely impact the business, financial position and prospects of the affected portfolio company.

***Risks Relating to the SSA Region***

Investments in the SSA Region may involve risks and special considerations unique to emerging economies. Such risks may include (i) the risk of nationalization or expropriation of assets or confiscatory taxation, (ii) social, economic and political uncertainty, including war and revolution, (iii) dependence on exports and the corresponding importance of international trade, (iv) price fluctuations, market volatility, less liquidity and smaller capitalization of securities markets, (v) currency risks, including exchange rate fluctuations, devaluation and the costs of currency conversions, (vi) rates of inflation, (vii) controls on, and changes in controls on, foreign investment, limitations on repatriation of invested capital, proceeds from the sale of securities and other remittances, and on the Fund's ability to exchange local currencies for U.S. dollars, (viii) governmental involvement in and control over local economies, (ix) governmental decisions to discontinue support of economic reform programs generally and impose centrally planned economies, (x) differences in auditing and financial reporting standards which may result in the unavailability of material information about issuers, (xi) less extensive regulation of the securities markets, (xii) longer settlement periods for securities transactions, (xiii) less developed corporate laws regarding fiduciary duties and the protection of investors, and (xiv) adverse effects of local withholding and foreign tax requirements on repatriation of income from and investments in entities that are organized or domiciled in non-U.S. jurisdictions.

***Political and Economic Risks***

Investing in emerging markets and states in political transition, such as those in the SSA Region, carries economic risks. These risks include economic instability caused by many different factors, including, without limitation, high interest rates; changes in currency values; high levels of inflation; exchange controls; wage and price controls; foreign currency reserves; changes in economic or tax policies by national governments; the imposition of trade barriers; internal security issues; and ethno-political conflict. Any of these factors may increase in importance during the term of the Fund and cause a material adverse effect upon the economic climate in which the Fund's portfolio companies are operating.



The political, economic, social and foreign policies of certain countries in Africa have been radically changed at times by succeeding governments. The investments made by the Fund may be adversely affected by government policies changing at a much more rapid rate than that to which investors are accustomed in Europe and North America. Further, certain countries in the SSA Region have experienced relatively recently a political and social transformation from an authoritarian state to a more democratic form of governance with a market-based economy. Because of the scale of the political and economic change often implicated, these countries are more susceptible to unrest arising from economic hardship, uneven distribution of wealth, discontent with privatization, social and ethnic instability, or reform of the social welfare system and public subsidies, as well as the lack of an effective social safety net.

Foreign investment in certain countries in the SSA Region may be restricted or controlled to varying degrees. These restrictions or controls may at times limit or preclude foreign investment and increase the costs and expenses of the Fund, as well as require governmental approval for the sale of securities by the Fund to residents of emerging market countries. Certain countries may require governmental approval prior to investments by the Fund, limit the amount of investment by the Fund or limit the investment by the Fund to only a specific class of securities of an entity that may have less advantageous terms.

While CAP generally expects the pace of privatization to continue in much of Africa, sales of government owned shares frequently are subject to a variety of political pressures that could adversely affect many governments' commitment to the privatization process. Further, a change in the political environment may pose a risk to a foreign investor purchasing shares formerly owned by the government if anti-market politicians successfully oppose government sell-offs. While the governments of countries in which the Fund expects to invest generally have enacted reforms lessening state control over the economy and have made efforts to move towards a more market-oriented economy, there can be no assurance that these reforms will continue or, if continued, will be successful or not reversed in the near future.

Crime, corruption and fraud in African nations, as well as ties between government, agencies or officials and the private sector, have resulted – and could in the future result – in preferential treatment for local competitors of CAP, the Fund, or their portfolio companies, inefficient resource allocation, arbitrary decisions and other practices or policies that could have a material adverse effect on the Fund's investments. In addition, the Fund and its portfolio companies will be subject to the possibility of expropriation or confiscatory taxation.

### **Legal Risks**

African laws affecting international investment and business continue to evolve and, in particular, laws and regulations concerning foreign investment and taxation can change quickly and unpredictably. There can be no assurance that the regulatory environment in which the Fund will be operating will not be altered in a manner adverse to the Fund's investment program.

African legal principles relating to corporate affairs and the validity of corporate procedures, directors' fiduciary duties and liabilities and shareholders' rights may differ from those that may apply in other jurisdictions. Shareholders' rights under the local law in Africa may not be as extensive as those that exist under the laws of the U.S., Canada or many European countries. The Fund may therefore have more difficulty asserting its rights as a shareholder of a portfolio company in Africa in which it invests than it would as a shareholder of a comparable U.S., Canadian or European company.

The portfolio companies in which the Fund invests may include limited liability companies and similar entities organized under the laws of African nations. In many cases, the directors, executive officers and a substantial portion of the assets of such companies will be located in these countries. It may be difficult for the Fund to obtain a judgment in a court outside the U.S., Canada or Europe to the extent that there is a default with respect to the security of an issuer in an African country or with respect to any other claim that the Fund may have against such issuer or its directors and officers. Although unlikely, if the Fund initiates a suit against an issuer in a court not located in the country of the portfolio company at issue, it may not be possible for the Fund to effect service of process in the relevant African country.

Moreover, even if the Fund obtains a judgment in a U.S., Canadian or European court, it may be difficult to enforce such judgment in Africa if the relevant country is not party to any international treaty with respect to the recognition or enforcement of foreign judgments. Provisions of local law regulate the enforcement of foreign judgments in Africa (and such laws may contain broad exceptions), and the civil judicial process in these countries for the enforcement of remedies and legal rights is relatively less developed than countries with developed judicial systems and subject to delays. A party seeking to enforce a foreign judgment in an African country may also be required to obtain approval from certain governmental agencies in the relevant country to execute such judgment.

***Security Risks***

Certain countries in Africa in which the Fund may invest have high crime rates. Crime and corruption, including extortion, threats, kidnapping and other violence against businesspersons and employees of multinational enterprises due to perceived relative wealth or otherwise, may cause a material adverse effect upon the operations of a portfolio company, and force the Fund to cease or alter operations in such SSA Region or country on a timeline disadvantageous to the Fund.

Security risks may be particularly acute in the forestry industry due to its concentration in rural, exposed areas. Further, it can be difficult to monitor the boundaries of large forestry holdings, and theft of timber may be widespread.

***SSA Regional Environmental Risks***

The Fund may face significant environmental liability in connection with portfolio investments in the SSA Region. The historical lack of environmental regulation in the SSA Region has led to widespread pollution of air, ground and water resources. The legislative framework for environmental liability has not been fully established or implemented. The extent of the responsibility, if any, for the costs of abating environmental hazards may be unclear when the Fund is considering any particular portfolio investment. The Fund may experience material losses due to these risks.

Where possible, the Fund will seek indemnification for environmental risks from project sponsors and/or the enterprises in which it invests or from the sellers of such companies. However, no assurance can be given that such indemnities will be available or that, if obtained, they can be effectively enforced.

***Restrictions on Foreign Investment***

Countries in the SSA Region have or may impose laws and regulations that limit or preclude direct foreign investment. It is also possible that that government regulations on foreign investment could be altered in a manner adverse to the interests of the Fund. Prior government approval for foreign investments may also be required under certain circumstances, and the process of obtaining these approvals may require a significant expenditure of time and resources. These and other restrictions may make it difficult for the Fund to distribute amounts realized from its investments.

***Uncertain Registration, Settlement, Clearing and Custodial Systems***

The Fund faces significant registration, settlement and custody risks in purchasing and selling securities in the SSA Region not normally associated with investments in more developed markets. Securities may be evidenced in book entry form rather than physical share certificates. While there is an evolving system for clearing trades of securities, the uncertainties in the clearing and settlement process may pose material risks to the Fund and its investors. It is possible for the Fund to lose its rights to securities of issuers in the SSA Region through fraud or negligence, which would adversely affect the value of portfolio investments.

In addition, delays and inefficiencies of the local postal, transport and banking systems could result in missed rights and entitlements, the loss of funds (including dividends) and exposure to currency fluctuations.

***Currency Fluctuation***

The Fund's assets are expected to be invested primarily in equity securities of portfolio companies in the SSA Region. If the value of any non-U.S. dollar currency in which the portfolio companies earn their respective income falls relative to the dollar between the time the portfolio company receives such dollars from the Fund and the time at which the portfolio company must convert such non-U.S. currency to pay the Fund in dollars, the dollar income of the portfolio companies, and potentially the Fund, will be adversely affected. At certain times, the Fund's assets may be invested in a manner in which the income received by the Fund will be in non-U.S. dollar currencies; however, the Fund will maintain its accounts and compute and distribute its income in U.S. dollars. For these types of investments, if the value of any non-U.S. dollar currency in which the Fund receives its income falls relative to the dollar between the time the Fund earns the income and the time at which the Fund converts such foreign currency to dollars, the dollar income of the Fund will be affected. In addition, since the Fund may invest in securities denominated or quoted in currencies other than the U.S. dollar, changes in currency exchange rates will affect the value of securities in the Fund's portfolio and the unrealized appreciation or depreciation of investments. Further, the Fund may incur transaction costs in connection with conversions among various currencies. Currency exchange rates generally are determined by the forces of supply and demand in the foreign exchange markets and the relative merits of investment in different countries, actual or anticipated changes in interest rates, or other complex factors. Currency exchange rates can also be affected unpredictably by intervention or failure to intervene by U.S. or non-U.S. governments or central banks, or by currency controls or political developments in the U.S., Europe or African countries.

African currencies historically have experienced fluctuations in value wider and more rapid than those to which investors are accustomed in Europe and North America.

***Leverage***

The Fund may borrow funds to make or facilitate an investment or to pay Fund expenses, and portfolio companies may engage in borrowings to finance operations or expansion. Although, to the extent leverage is employed, CAP will seek to use leverage in a manner it believes is prudent, a leveraged capital structure of investments will increase the exposure of such portfolio companies to adverse economic factors such as rising interest rates, downturns in the economy or deteriorations in the condition of the portfolio companies or their industries.

***Financial Market Fluctuations***

General economic conditions and fluctuations in the debt markets or in the securities markets (whether in local communities, particular countries or globally) may affect the value of the investments that will be held by the Fund and the success of the Fund's activities. Such conditions include interest rates, availability of credit, inflation rates, economic uncertainty and changes in national or international political circumstances. Moreover, the ability of portfolio companies to refinance debt securities may depend on the ability to sell new securities in the debt and equity markets, to borrow from banks or otherwise. There can be no assurance that these general or economic market conditions and fluctuations or unanticipated downturns in these markets (or segments of them) will not have a material adverse effect on the Fund or its investments.

***Bridge Financing***

From time to time, the Fund may lend to portfolio companies on a short-term, unsecured basis in anticipation of a future issuance of equity or long-term debt securities or other refinancing. Such bridge loans would typically be convertible into a more permanent, long-term security. However, for reasons not always in the Fund's control, such long-term securities issuance or other refinancing may not occur and such bridge loans may remain outstanding. In such event, the interest rate on such loans may not adequately reflect the risk associated with the unsecured position taken by the Fund.

***Difficulty in Valuing Investment Portfolio***

CAP will value the investment portfolio of the Fund from time to time based upon its best estimate of

the value of each of the individual investments of the Fund in portfolio companies. There is typically no public market for the securities of the portfolio companies. Thus, portfolio valuation inherently is highly subjective and imprecise. In establishing the value of the Fund's investment portfolio, CAP may also consult with accounting firms, investment banks and other consulting firms when needed, to assist with the valuation of the Fund's investments. The value set by CAP may not reflect the price at which the Fund could dispose of its interests in a particular portfolio company at any given time.

***Natural Disasters or Other Force Majeure Events***

Upon the occurrence of a natural disaster such as flood, hurricane, or earthquake, or upon an incident of war, riot or civil unrest, the impacted country may not efficiently and quickly recover from such event, which can have a materially adverse effect on portfolio companies and other developing economic enterprises in such country.

Terrorist attacks and related events can result in increased short-term economic volatility. The ongoing 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 world 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, inflation and other factors relating to the Fund's investments.

***Investments in Troubled and Leveraged Companies***

The Fund may make investments in restructurings with respect to portfolio companies that are experiencing or are expected to experience financial difficulties, which may never be overcome. Such investments could, in certain circumstances, subject the Fund to certain additional potential liabilities that may exceed the value of the Fund's original investments therein. For example, under certain circumstances, lenders who have inappropriately exercised control over the management and policies of a debtor may have their claims subordinated or disallowed or may be found liable for damages suffered by parties as a result of such actions. In addition, under certain circumstances, payments to the Fund and distributions by the Fund to the investors may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment.

***Regulatory Matters***

Legal, tax and regulatory changes could occur during the term of the Fund that may adversely affect the Fund or its investments. The consent or approval of applicable regulatory authorities may be required for the Fund to acquire a proposed investment, or otherwise in connection with the operations of a portfolio company. There can be no assurance that such approvals will be obtained, or that statutory, regulatory, judicial or administrative interpretations of existing laws and regulations will not in the future impose more comprehensive or stringent requirements on a portfolio company. The Fund may invest in portfolio companies that are subject to changing and increasingly stringent environmental and health and safety laws, regulations and permit requirements. There can be no assurance that all costs and risks regarding compliance with environmental laws and regulations can be identified.

***Certain Energy Regulatory Matters***

The Fund may make certain investments in or relating to electric utility industries in the SSA Region. There can be no assurance that (i) existing regulations applicable to electric utility portfolio companies will not be revised or reinterpreted; (ii) new laws and regulations will not be adopted or become applicable to electric utility companies; (iii) the technology and equipment selected by such companies to comply with current and future regulatory requirements will meet such requirements; (iv) such companies' business and financial conditions will not be materially and adversely affected by such future changes in, or reinterpretation of, laws and regulations (including the possible loss of exemptions from laws and regulations) or any failure to comply with such current and future laws and regulations; or (v) regulatory agencies or other third parties will not bring enforcement actions with respect to any of the

foregoing.

Failure to comply with applicable national regulations could result in the prevention of the operations or prevention of the sale of such a facility to a third party, as well as the loss of certain rate authority, refund liability, civil penalties, or other unnamed remedies, all of which could result in additional costs to a portfolio company and adversely affect the Fund's investment results.

### ***Environmental Regulatory Matters***

Environmental laws, regulations and regulatory initiatives play a significant role in the energy and commodities industries and can have a substantial impact on investments in such 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 of the industry. The energy and commodities industries will continue to face considerable oversight from environmental regulatory authorities, and the CAP will seek to evaluate carefully the expected impact of environmental compliance on all potential investments. The Fund may invest in portfolio companies that are subject to changing and increasingly stringent environmental and health and safety laws, regulations and permit requirements.

There can be no guarantee that all costs and risks regarding compliance with environmental laws and regulations can be identified. New and more stringent environmental and health and safety laws, regulations and permit requirements, or stricter interpretations of current laws or regulations, could impose substantial additional costs on portfolio companies or potential investments. Compliance with such current or future environmental requirements does not ensure that the operations of the portfolio companies will not cause injury to the environment or to people under all circumstances or that the portfolio companies will not be required to incur additional unforeseen environmental expenditures. Moreover, failure to comply with any such requirements could have a material adverse effect on a portfolio company, and there can be no assurance that portfolio companies will at all times comply with all applicable environmental laws, regulations and permit requirements. Past practices or future operations of portfolio companies could also result in material personal injury or property damage claims.

Under certain circumstances, environmental authorities and other parties may seek to impose personal liability on the shareholders of a company (such as the Fund) subject to environmental liability. However, a shareholder may reduce its risk of such personal liability by avoiding activities with respect to the Fund's portfolio investments other than as specifically contemplated by the shareholders agreement or other similar governing document.

### ***Co-Investments***

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

### ***Broken Deal Expenses***

Investments in some industries often require extensive due diligence activities prior to acquisition, the expenses relating to which can be quite substantial. Due diligence costs include, among others: feasibility and technical studies; preliminary engineering costs and marketing studies; environmental reviews; legal costs; and bid preparation and submission costs. In the event that the investment is not consummated, these expenses will be borne by the Fund.

***Carried Interest***

CAP will be entitled to receive carried interest if the portfolio investments are sufficiently profitable, which may create an incentive for CAP to make riskier or more speculative investments on behalf of the Fund than it would otherwise make in the absence of such incentive distributions. If distributions are made of property other than cash, the amount of any such distribution will be accounted for at the fair market value of such property as determined by CAP in accordance with procedures set forth in the Offering Documents. An independent appraisal generally will not be required and is not expected to be obtained. The amount of carried interest will be calculated based on the fair market value of in-kind distributions, even though an investor may have elected to receive a distribution of cash in lieu thereof.

***Material, Non-Public Information***

By reason of their responsibilities in connection with other activities of CAP, certain personnel of the Firm may acquire confidential or material non-public information or be restricted from initiating transactions in certain securities. The Fund will not be free to act upon any such information. Due to these restrictions, the Fund may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell an investment that it otherwise might have sold.

***Competition Among Investments***

The Fund may acquire portfolio companies in geographic areas or sectors that could compete with portfolio companies held by other funds managed or sub-advised by CAP or its affiliates. In such event, there may be competition among such portfolio companies for customers, lenders, products and service providers, among others, which may create conflicts of interest.

***Difficulties of Exit***

The number of entities that purchase and invest in timberland is small relative to other asset classes. In addition, timberland transactions are generally complex and require a substantial amount of time, effort and expense to complete, including extensive on-site due diligence. These difficulties are often increased for transactions involving large-scale timberland properties. Thus, it may be difficult for the Fund to dispose of portfolio companies at optimal times and values, which could delay or reduce the ultimate return of capital to Fund Investors upon exit.

Moreover, opportunities to exit investments in SSA through a sale of the company to a strategic or financial buyer or through a public offering of securities are limited. Other than in South Africa, the public markets of the local country are unlikely to be developed enough to provide a readily accessible mechanism for exit by private equity investors.

***Assumption of Business, Terrorism and Catastrophe Risks***

Portfolio investments are subject to the risk of loss arising from exposure that it may incur, directly or indirectly, due to the occurrence of various events, including, without limitation, hurricanes, earthquakes and other natural disasters, terrorism and other catastrophic events, and events that could adversely affect the health or life expectancy of people. These risks of loss can be substantial, could greatly exceed all income or other gains, if any, received by the Fund in assuming these risks and, depending on the size of the loss, could adversely affect the return of the Fund.

***Cybersecurity Risk***

As part of its business, CAP processes, stores, and transmits large amounts of electronic information, including information relating to the transactions of the Fund and personally identifiable information of the Investors. Similarly, service providers of CAP and the Fund, especially the fund administrator, may process, store and transmit such information. CAP has procedures and systems in place to protect such information and prevent data loss and security breaches. However, such measures cannot provide absolute security. The techniques used to obtain unauthorized access to data, disable or degrade service,



or sabotage systems change frequently and may be difficult to detect for long periods of time. Hardware or software acquired from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise information security. Network connected services provided by third parties to CAP may be susceptible to compromise, leading to a breach of CAP's network. CAP's systems or facilities may be susceptible to employee error or malfeasance, government surveillance, or other security threats. On-line services provided by CAP to the Investors may also be susceptible to compromise. Breach of CAP's information systems may cause information relating to the transactions of the Fund and personally identifiable information of the Investors to be lost or improperly accessed, used or disclosed.

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

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

---

**Item 9: Disciplinary Information**

---

CAP is required to disclose all material facts regarding any legal or disciplinary events that would be material to a prospective Investor's or a current Investor's evaluation of CAP's business or the integrity of CAP. CAP has not been subject to any disciplinary action, whether criminal, civil or administrative (including regulatory) in any jurisdiction. Likewise, no persons involved in the management of CAP have been subject to such action.

---

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

---

CAP is not registered and does not have an application pending to register as a broker-dealer or a registered representative of a broker-dealer, respectively.

CAP and its management persons are not registered as, and do not have any application pending to register as futures commission merchants, commodity pool operators, commodity trading advisors, or an associated person of the foregoing entities.

---

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

---

**Code of Ethics**

Pursuant to Rule 204A-1 of the Investment Advisers Act of 1940, as amended (the "**Advisers Act**"), CAP has adopted a Code of Ethics (the "**Code**") that establishes various procedures with respect to investment transactions in accounts ("**Covered Accounts**") in which any of CAP's employees have discretionary investment authority or exercise effective influence or control.

CAP's Code was adopted to avoid possible conflicts of interest, avoid the inappropriate use of material, non-public information and ensure the propriety of its employees' and its principals' investment and trading activity.

The foundation of the Code is based on the underlying principles that:

- Employees must at all times place the interests of the client first;

- Employees must make sure that all personal securities transactions are conducted consistent with the Code; and
- Employees should not take inappropriate advantage of their position.

Covered Account transactions in certain types of securities require pre-approval by the CCO. Employees must also obtain pre-approval from the CCO before participating in an initial public offering or private placement.

Covered Account transactions are subject to review by CAP's CCO. These records are used to monitor compliance with the foregoing policies.

### **Gifts and Entertainment, Political Activities and Outside Activities**

The Code provides that gifts and entertainment must be reasonable in light of industry practices and should never be given or received if the purpose is to influence the recipient. CAP requires access persons to report or receive approval for the receipt or giving of gifts and entertainment under certain circumstances.

The Code also generally requires access persons to obtain prior approval before the access person, a spouse or certain other immediate family members makes a political contribution or engages in certain campaign-related fundraising activities. This policy is intended to prevent scenarios whereby an access person may contribute or engage in an activity for the selection of CAP as an investment adviser for a governmental equity.

Finally, the Code provides that, without prior approval, access persons are generally not permitted to engage in certain types of outside business activities. This policy is intended to prevent material conflicts of interest that could arise from an access person's personal activities.

### **Privacy Policy**

CAP is committed to maintaining the confidentiality, integrity and security of its Investors' personal information. It is CAP's policy to collect only information necessary or relevant to its management business and use only legitimate means to collect such information. CAP does not disclose any non-public, personal information about its underlying Investors to anyone except for servicing and processing transactions and as required by law. CAP restricts access to non-public, personal information about its Investors to those employees with a legitimate business need for the information. CAP maintains security practices, physical, electronic and procedural safeguards to guard each Investor's non-public, personal information. Upon request, CAP will provide a copy of its written privacy policies and procedures.

### **Additional Considerations**

From time to time, various potential and actual conflicts of interest may arise from the overall advisory, investment and other activities, partners and personnel in connection with Fund or other future client transactions. If necessary, CAP will establish written policies and procedures, which contain procedures to monitor and resolve conflicts and will endeavor to resolve conflicts in a manner it deems equitable to the extent possible under the prevailing facts and circumstances.

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

---

CAP does not generally intend to have an active brokerage relationship due to the type of investments made by CAP in advising the Fund. The investments made on behalf of the Fund are generally private, illiquid and long-term in nature.

Due to the nature of its business, CAP does not use soft dollars or permit the Fund to direct brokerage.



---

**Item 13: Review of Accounts**

---

CAP will monitor and analyze the investments held by the Fund on a regular basis with a view to evaluating, among other things, economic developments, industry outlook, and other issues related to the investments. CAP monitors overall performance, portfolio composition, financial performance, and compliance with the investment guidelines of the Fund. These reviews also consider, and may be triggered by, market, legal, or regulatory developments. A review of the Fund or a future Client account may be triggered by any unusual activity or special circumstances.

CAP will provide Investors in the Fund with the following reports: (i) audited annual financial statements; (ii) quarterly unaudited performance reports; and (iii) annual tax information necessary to complete any applicable tax returns.

---

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

---

Although CAP does not currently have and does not currently intend to have any third-party placement agents, in the future CAP may agree to pay third-party placement agents that refer Investors to the Firm. The compensation typically paid to those placement agents includes a portion of the fixed fee and/or performance-based fee earned by CAP in respect to Investors referred to CAP by such placement agents. Investors will generally not be subject to any incremental fees in connection with the referral unless incremental fees are payable by the Fund directly to the placement agent under the terms of the separate agreement between the Investor and the placement agent (to which CAP is not a party).

The referral arrangements described above involve potential conflicts of interest because the placement agent may have an incentive to recommend one investment adviser to a prospective Investor over others, for which the agent will receive no or lower fees. Prospective Investors should consider this potential conflict of interest when evaluating any recommendation or referral by an agent regarding an investment adviser.

---

**Item 15: Custody**

---

CAP is deemed to have custody of the assets of the Fund. Therefore, in order to comply with Rule 206(4)-2 of the Advisers Act (the “**Custody Rule**”), CAP complies with the pooled vehicle annual audit provision. Annually, upon completion of the annual audit of the Fund, CAP shall seek to ensure that the audited financial statements are delivered to Investors in each Fund within 120 days of the Fund’s fiscal year end. The audited financial statements will be prepared by an independent accounting firm that is registered with and subject to review by the Public Company Accounting Oversight Board (“**PCAOB**”), in accordance with U.S. Generally Accepted Accounting Principles (“**GAAP**”) or another accepted standard. Investors should carefully review these audited financial statements.

---

**Item 16: Investment Discretion**

---

As described in the Offering Documents for the Fund, CAP has full discretionary authority to manage the Fund, including authority to make decisions with respect to which securities are bought and sold, and the amount and price of those securities. CAP, or one of its affiliates, has entered into an investment management agreement, or similar agreement the Fund, pursuant to which CAP (or applicable affiliate) has been granted discretionary investment authority.

---

**Item 17: Voting Client Securities**

---

**Proxy Voting Policies and Procedures**

The investment strategy employed by CAP on behalf of the Fund results in CAP being required to exercise voting authority behalf of the Funds from time to time.

In compliance with Rule 206(4)-6 of the Advisers Act (i.e., the “proxy voting rule”), CAP has adopted

proxy voting policies and procedures. Conflicts of interest may arise between the interest of the Fund and CAP or its affiliates, if CAP determines that it may have a conflict of interest when voting proxies, CAP will vote in accordance with its proxy voting policies and procedures.

The Firm's proxy voting policies and procedures and a summary of how the Firm has voted any proxies shall be made available on request to Investors.

### **Class Action Participation Procedures**

To the extent that CAP has discretion to participate in class action lawsuits filed against companies or issuers in which CAP has made recommendations, and the Fund has invested, CAP may participate in such class action lawsuits if the Firm believes that such participation is in the best interest of the Fund on a case-by-case basis.

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

---

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