

**Item 1 – Cover Page**

**FORM ADV PART 2A BROCHURE**

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**March 29, 2019**

**This brochure provides information about the qualifications and business practices of OMERS Infrastructure US Limited. If you have any questions about the contents of this brochure, please contact us at 212-986-7500 or by email at [OPMCompliance@omers.com](mailto:OPMCompliance@omers.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.**

**Registration of an investment adviser does not imply any level of skill or training.**

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

## **Item 2 – Material Changes**

This Brochure, dated March 29, 2019, is the annual updating amendment to the prior brochure, dated March 29, 2018. Item 4 has been updated to reflect changes in certain co-investment programs offered by OMERS Infrastructure US Limited (the “**Registrant**”) and to reflect the Registrant’s regulatory assets under management as of December 31, 2018. Items 5, 6 and 8 of the Brochure have been further updated to reflect updates to certain fee and risk disclosures.

Pursuant to SEC rules, we will deliver a summary of any material changes since the prior year’s brochure within 120 days of the close of our fiscal year to each client. You may also request the most recent version of our brochure by contacting the Registrant’s compliance team at [OPMCompliance@omers.com](mailto:OPMCompliance@omers.com).

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## **Item 4 – Advisory Business**

### **Advisory Firm**

The Registrant was incorporated in Delaware in September 2011. The Registrant is a wholly-owned subsidiary of OMERS Infrastructure Management Inc. (“**Infrastructure Canada**”). Infrastructure Canada is a wholly-owned subsidiary of OMERS Capital Corporation, which is wholly-owned by BPC Properties Ltd. OMERS Administration Corporation (“**OAC**”) owns 100% of the economic interest (through participating shares) and 30% of the voting equity of BPC Properties Ltd. The remaining 70% of the voting equity is held by BPC Real Estate Holdings Trust, which has a trustee that is unrelated to BPC Properties Ltd. OAC has call rights over such voting shares held by BPC Real Estate Holdings Trust. The ownership structure of Infrastructure Canada (*i.e.*, with OAC owning 100% of the economic interest and 30% of the voting equity in BPC Properties Ltd. with call rights over 70% of the remaining voting equity) is designed to comply with certain pension laws in Ontario, Canada. OAC is the administrator of the OMERS primary pension plan (a large Canadian public employee pension plan regulated by the Financial Services Commission of Ontario, the provincial pension regulator) and trustee of the pension fund.

### **Advisory Services**

The Registrant provides advisory and asset management services to OAC with respect to OAC’s administration of the OMERS primary pension plan, by virtue of its role as sub-adviser to Infrastructure Canada, and to Co-Investors (as defined below) for investments that meet agreed upon Investment Criteria (as defined and described in more detail in Item 8).

#### *Advisory Services with respect to OAC*

Infrastructure Canada is the infrastructure investment arm of OAC with a mandate to identify, invest in and manage infrastructure assets on its behalf. These infrastructure investments are held privately and do not trade in the public market. However, publicly-held securities can be purchased for purposes of converting an entity to a private company. The Registrant employs investment professionals to advise with respect to infrastructure assets on behalf of Infrastructure Canada. The Registrant does not have investment discretion with respect to the acquisition and disposition of the assets of the OMERS primary pension plan administered by OAC.

#### *Advisory Services with respect to Co-Investment Programs*

Launched in 2012, the Global Strategic Investment Alliance (the “**GSIA**”) is a co-investment program established to bring together large institutional investors, including OMERS Strategic Investments Limited (“**OSI**”), a related person of OAC and certain third-party institutional investors (“**GSIA Co-Investors**”) to jointly invest, on a case-by-case basis, in large-scale infrastructure investments meeting qualifying criteria in terms of, among other things, size and geography. See Item 8 for further information on the “**Investment Criteria**.” Under the GSIA, certain agreements were established, setting forth the principal terms of the GSIA (the “**GSIA Documents**”). The GSIA is closed to new members.

In 2019, Infrastructure Canada, together with its subsidiaries (collectively “**OMERS Infrastructure**”), intends to launch its second co-investment program platform, OMERS Infrastructure Partners (“**OIP**”). As with the GSIA, the objective will be to bring together large institutional investors to jointly invest, on a case-by-case basis, in large-scale infrastructure investments meeting qualifying criteria in terms of, among other things, size and geography. See Item 8 for further information on the “**Investment Criteria**.” As with the GSIA, certain Program Documents will be established, setting forth the principal terms of the OIP, including the investment criteria with respect to the types of investments that can be made.

For purposes of this Brochure, GSIA and OIP are each a “**Co-Investment Program**,” agreements in place for each Co-Investment Program, including GSIA Documents, are referred to collectively as “**Program Documents**,” and third-party institutional investors, including GSIA Co-Investors, in each Co-Investment Program are referred to collectively as “**Co-Investors**.”

The Registrant's services in relation to the Co-Investment Programs are provided to the Co-Investors, certain Portfolio Companies holding investments (as described below) and pooled investment vehicles with the Co-Investors as investors. References herein to "Co-Investors" and "Portfolio Companies" holding Co-Investment Program investments, when used in respect of the services provided by the Registrant, mean those Co-Investors and Portfolio Companies who are recipients of the Registrant's services as set forth herein.

As described in more detail in Item 10, the Registrant has entered into service arrangements with certain investment adviser related persons, which permit the Registrant to use investment management capabilities and related services, including such related persons' personnel, in providing advice to the Registrant's clients.

With respect to each Co-Investment Program, pursuant to their respective Program Documents, Co-Investors are shown potential investment opportunities during the investment period on a transaction-by-transaction basis and are provided with the opportunity to participate in such investments up to the maximum aggregate amount allocated to each such Co-Investor pursuant to the Program Documents ("**Potential Investment Amount**"). The minimum aggregate Potential Investment Amount for each GSIA Co-Investor to join the GSIA was \$1.25 billion. The minimum aggregate Potential Investment Amount for each OIP Co-Investor will likely be \$500 million. Within a Co-Investment Program, the opportunity to participate in each potential investment is allocated based on each Co-Investor's pro rata share of the aggregate Potential Investment Amounts of such Co-Investment Program, subject to certain exceptions provided in the Program Documents. Under certain circumstances, the participation by the Co-Investors in an investment opportunity may be acquired directly from OAC or one of its related persons. See Item 11 for additional information. The Co-Investors have full discretion as to whether or not to participate in each proposed Co-Investment Program investment opportunity. The Registrant has no investment discretion to bind the Co-Investors or make a decision to invest on their behalf.

The opportunity to participate in a potential investment will be allocated among Co-Investment Programs in a fair and equitable manner, pursuant to the Registrant's policies and procedures and the applicable Program Documents.

#### *Asset Management Services with respect to OAC, the GSIA and OIP*

In the event that an investment is completed in a Co-Investment Program, the Registrant will coordinate and assist in the closing process, and effectively (through board positions on the companies or other legal entities that are established to hold investments for OAC or participating Co-Investors (each, a "**Portfolio Company**") as well as board positions on the companies or other legal entities operating the infrastructure assets in which the Portfolio Companies invest (each, an "**Operating Company**")) will provide asset management services on a discretionary basis. Asset management services provided by the Registrant include, among other things, appointing individuals to the board of directors or similar body governing the Portfolio Companies and Operating Companies, and monitoring performance of the investment.

#### *Restrictions/Limitations on Services*

The Registrant's advisory and asset management services are restricted by, and subject to, OAC's investment objectives and guidelines, various policies and procedures of OAC, the management services agreement between Infrastructure Canada and the Registrant entered into in support of the management services agreement between OAC and Infrastructure Canada, and the terms of the Program Documents with respect to each Co-Investment Program's investments.

See Item 16 for additional information.

#### *Other Services*

In addition to the above services, the Registrant and/or its related persons may be retained to perform services for the Co-Investment Programs and/or its investments that would otherwise be provided by third parties, such as consulting, operational, financial and advisory services.

Please refer to Item 8 for a more detailed description of the investment strategies as well as material risks associated with the investments that the Registrant primarily recommends.

## **Wrap Fee Programs**

The Registrant does not participate in wrap fee programs.

## **Assets Under Management**

As of December 31, 2018, the Registrant had \$7,933,274,222 of non-discretionary assets under management. In calculating the dollar value of its assets under management, the Registrant has included only amounts invested in infrastructure assets advised by the Registrant, and has not included any uninvested capital from the OMERS primary pension plan or Co-Investors. In determining our regulatory assets under management, the Registrant does not deduct any outstanding indebtedness or other accrued but unpaid liabilities of pooled investment vehicles or pension and profit sharing plans.

## **Item 5 – Fees and Compensation**

### **Current Compensation and Fees**

#### **Compensation**

##### *Compensation for Advisory Services with respect to OAC*

The Registrant receives a management fee from its parent, Infrastructure Canada, on a cost recovery basis plus 7% on certain of these costs. Such costs include, but are not limited to, operating and administrative costs (*e.g.*, salaries, wages and benefits, and payroll taxes) less any management, consulting and other similar fees received by the Registrant from any entity or third party in connection with services performed by the Registrant except for fees received from Infrastructure Canada. Similarly, Infrastructure Canada receives a management fee from OAC (or an affiliate) on a cost recovery basis plus 7% on certain of these costs. Such costs include, but are not limited to, operating and administrative expenses (*e.g.*, certain employment and office expenses), third party professional expenses, and marketing and traveling expenses.

##### *Compensation for Advisory Services with respect to the GSIA*

In respect of a GSIA investment, each participating GSIA Co-Investor pays an asset services charge (the “**Asset Services Charge**”) on invested capital in consideration of the asset services provided by the Registrant and Infrastructure Canada.

#### **Payment of Fees**

##### *Payment of Fees for Advisory Services with respect to OAC*

The Registrant’s fees with respect to services for OAC are paid by its parent, Infrastructure Canada, monthly in arrears and for services provided to OAC, Infrastructure Canada receives its fees from OAC, monthly in arrears.

##### *Payment of Fees for Advisory Services with respect to the GSIA*

For services provided to participating GSIA Co-Investors, the Asset Services Charge for GSIA investments is payable by GSIA Co-Investors, quarterly in arrears, and, in lieu of being charged directly to participating GSIA Co-Investors, can be charged to the Portfolio Company if agreed to by such participating GSIA Co-Investors.

#### **Other Fees**

##### *GSIA Alliance Administration Charge*

Other fees payable by GSIA Co-Investors to Rosewater Global Limited (“**Rosewater**” or the “**GSIA Administrator**”), a related person of OAC, are outlined below:

### *GSIA Alliance Administration Charge*

GSIA Co-Investors may be required to pay Rosewater quarterly in advance, an annual fee equal to the amount provided in the annual budget approved by a committee composed of representatives of the GSIA Co-Investors (the “**GSIA Alliance Committee**”), net of applicable taxes and calculated in proportion to (i) their Potential Investment Amount during the investment period and (ii) their invested capital following the investment period (the “**GSIA Alliance Administration Charge**”).

### *Sale of Alliance Investments*

Upon the sale by a GSIA Co-Investor of an interest in a GSIA investment after the expiry of the required holding period pursuant to the GSIA Documents, that GSIA Co-Investor may be required to pay to the GSIA Alliance Administrator a sale charge (“**Sale Charge**”) equal to five times its *pro rata* share (based on the respective invested capital of the GSIA Co-Investors with respect to such GSIA investment) of the GSIA Alliance Administration Charge for the year in which the sale of such interest takes place.

### *Withdrawal of GSIA Co-Investor during Investment Period*

If a GSIA Co-Investor withdraws (or is required to withdraw) from the GSIA prior to the end of the Investment Period, that GSIA Co-Investor may be required to pay a fee upon such withdrawal.

The Registrant and/or its related persons can be retained to perform services for the GSIA and/or its investments that would otherwise be provided by third parties, such as consulting, operational, financial and advisory services. In these circumstances, such parties performing services will be compensated on arm’s-length terms and will require the approval of the GSIA Alliance Committee, unless otherwise provided for in the GSIA Program Documents.

The Registrant may receive certain fees in connection with the routine operation or management of investments (“**Transaction Income**”), including director’s fees, break-up fees or other similar fees. Generally speaking, 100% of all Transaction Income received by the Registrant shall be offset against management fees paid by OAC or the Asset Services Charge, as applicable. However, a lower rate or no offset may apply pursuant to certain agreements with the GSIA Co-Investors.

Pursuant to the GSIA Program Documents, the Registrant and its affiliates may offer third-party co-investors the opportunity to invest alongside GSIA Co-Investors. Different fee and expense arrangements may apply to such third-party co-investors. Specifically, Transaction Income attributable to such co-investors may be retained by the Registrant or its affiliates, as such co-investors may not receive the benefit of having Transaction Income offset against management fees or other charges.

### **Additional Costs and Expenses**

With respect to any potential investment opportunity, the GSIA Alliance Administrator and the Registrant are entitled to be reimbursed for all third-party costs and expenses reasonably incurred by them on behalf of GSIA Co-Investors, provided that (i) with respect to the GSIA Alliance Administrator, the costs and expenses do not exceed those set out in the relevant annual budget and operating plan for the GSIA Alliance Administrator approved by the GSIA Alliance Committee and (ii) with respect to the Registrant and Infrastructure Canada, the costs and expenses do not exceed 110% of the relevant transaction budget or have otherwise been approved in accordance with the GSIA Program Documents. Each participating GSIA Co-Investor will pay its *pro rata* share of costs of pursuing an investment on a reimbursement basis.

The Registrant is entitled to be reimbursed for all third-party costs and expenses reasonably incurred by it on behalf of the participating GSIA Co-Investors in managing a Portfolio Company established to hold a GSIA investment.

Under certain circumstances, the participation by the GSIA Co-Investors in an investment opportunity is acquired directly from OAC or one of its related persons, in which case the participating GSIA Co-Investors will pay a price agreed to between the parties for their participation in such investment. See Item 11 for additional information.

### **Anticipated non-GSIA Co-Investment Compensation and Fees**

## ***Compensation and Fees***

Co-Investors in non-GSIA Co-Investment Programs, including OIP, will bear certain fees and expenses and costs (as described below) in accordance with the applicable Program Documents entered into by such Co-Investors in connection with participating in the applicable Program.

### ***Operation Fee***

During the investment period, a Co-Investor may pay a fee (the “**Operation Fee**”) on the undrawn commitment of such Co-Investor plus any applicable taxes. The Operation Fee may be applied toward pursuit costs of potential investments, which do not complete and the operating costs of OIP, along with any Establishment Costs (defined below) in excess of the described cap.

### ***Asset Services Fee***

The Registrant or its affiliates will be entitled under each asset services agreement with a Co-Investor to receive an annual fee in respect of the asset management services it provides to the relevant OIP Portfolio Company (each an “**Asset Services Fee**”), equal to a percentage per annum of the total amount invested in such Portfolio Company by a Co-Investor plus any applicable taxes.

### ***Performance Distribution***

See Item 6 below.

### ***Directors Fees***

Each Co-Investor may be responsible for its share of any directors’ fees and/or similar fees.

### ***Early Cancellation Fee***

Generally, if a Co-Investor does not participate in three consecutive Program investment opportunities, the Registrant may require, or such Co-Investor may elect, the immediate cancellation of such Co-Investor’s remaining undrawn Commitment. Following such cancellation such Co-Investor may be charged an early cancellation fee.

### ***Establishment Costs***

Co-Investors may bear certain organizational fees, costs and expenses incurred in connection with the establishment and launch of a Co-Investment Program, plus any applicable taxes and disbursements.

All fees, costs and expenses, plus any applicable taxes, related to the sourcing and due diligence in respect of a potential Co-Investment, which does not proceed to completion will be borne by the Registrant or its affiliates, with the exception of any such amounts incurred at the request of a particular Co-Investor, which shall be borne by such Co-Investor.

### ***Operating Costs***

Each Co-Investor will bear its own costs and expenses associated with its evaluation of potential Co-Investment Investments and monitoring of Co-Investments. Any costs and expenses incurred directly or indirectly by the Registrant or any of its affiliates in respect of matters solely applicable to such Co-Investor, for example costs and expenses associated with any transfer of such Co-Investor’s interest in the Co-Investment and the provision of reports, valuations or other information solely to such Co-Investor, may be borne by that Co-Investor.



### *Sales Costs*

All costs and expenses of the Registrant or any affiliate or a Co-Investor incurred as a result of the sale or attempted sale of a Co-Investment Investment by the selling Co-Investor, along with any applicable Performance Distribution payable to the Registrant or its affiliates upon sale, will be borne by the selling Co-Investor. All costs and expenses associated with the evaluation of a right-of-first-refusal offer by a non-selling Co-Investor will be borne by that non-selling Co-Investor.

### **Compensation for Sale of Securities or Other Investment Products**

Neither the Registrant nor any of its supervised persons are compensated for the sale of securities or other investment products.

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

The Registrant does not currently charge performance-based fees to its clients.

Co-Investors in non-GSIA Co-Investment Programs may bear performance-based fees in accordance with the definitive Program Documents entered into by such investors in connection with participating in the Program.

Performance based compensation arrangements may create an incentive for the Registrant to recommend investments, which may be riskier or more speculative than those which would be recommended under a different compensation arrangement. Such compensation arrangements may also create an incentive for Registrant to favor programs with higher fee-paying structures over lower fee-paying programs in the allocation of investment opportunities.

## **Item 7 – Types of Clients**

The Registrant provides advisory and asset management services to OAC with respect to OAC's administration of the OMERS primary pension plan by virtue of its role as sub-adviser to Infrastructure Canada. Additionally, the Registrant provides infrastructure investment identification and asset management services through the Co-Investment Programs to OAC and the Co-Investors, which are large institutional investors. The Registrant does not offer any products to retail investors.

In order to join the GSIA, investors were required to, among other things, adhere to the Program Documents and be approved unanimously by the then-existing GSIA Co-Investors. The minimum aggregate Potential Investment Amount for each GSIA Co-Investor was \$1.25 billion. The GSIA is currently closed to new members. It is expected that in order to join OIP, Co-Investors will be required to meet generally similar requirements.

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

The following is a summary of (i) the current strategies and methods of analysis that the Registrant uses in formulating advice or managing assets (and their material risks) for its clients and (ii) certain material risks associated with the types of investments that the Registrant primarily recommends. Investing in securities involves risk of loss that clients should be prepared to bear including the risk of loss of the entire investment.

*The information included in this Brochure does not include every potential risk associated with each investment strategy or security. Clients are urged to ask questions regarding risk factors applicable to a particular investment strategy or security, read all product-specific risk disclosures and determine whether a particular strategy or type of security is suitable for their own account in light of their circumstances, investment objectives and financial situation. All applicable disclosure documents, including any investment memoranda and supporting documentation described below, that include risk disclosures, are herein incorporated by reference.*

### **A. Method of Analysis and Investment Strategies**

The Registrant's business activities are comprised of advisory services with respect to identifying and managing private infrastructure investments, including conducting due diligence, structuring, deal execution, arranging third-party financing and asset management for Infrastructure Canada's parent, OAC, by virtue of the Registrant's role as sub-adviser to Infrastructure Canada. In connection with a Co-Investment Program, the Registrant may also provide these services to the Co-Investors and Portfolio Companies. The Registrant does not provide services regarding public securities with the exception of public to private transactions, nor does it provide services to retail clients nor offer any services to the public generally.

#### *The Investment Criteria*

The Investment Criteria of a Co-Investment Program, including the GSIA and OIP, are set out in their respective Program Documents and are key to the investment thesis of each Co-Investment Program. Under the Co-Investment Programs, assets are generally defined as large-scale, capital-intensive assets with enterprise values in excess of \$2 billion, which typically will exhibit one or more of the following attributes:

- a strong position in its relevant market by virtue of the scale, market position, high natural barriers to entry through substantial capital requirements, long-term contracts, regulation or asset complexity;
- the potential to generate strong, stable cash flows over long periods of time as well as modest capital appreciation;
- relative stability in economic downturns with revenues that are often inflation protected, regulated or otherwise supported by government or other credit-worthy counterparties;
- operation within a strong regulatory environment; and
- low to moderate exposure to market forces.

The Co-Investment Programs primarily target investment opportunities that are expected to generate annual gross internal rate of return and annual gross cash return levels within an established range, in each case on an individual investment basis at the Co-Investment Program level. There can be no assurance that such targets will be achieved. Returns to participating Co-Investors will be reduced by fees and other expenses to be borne by Co-Investors, as applicable, which may be substantial in the aggregate.

#### *Primary Infrastructure Sectors*

The Registrant advises with respect to large infrastructure investments targeting utilities, power & renewables, transportation, midstream, communications and other essential services, located primarily in North America, Europe and selectively the rest of the world. These investment opportunities are expected to arise from a wide variety of sources including investment banks, publicly-disclosed sales/auctions, strategic investors or strategic partners looking for financial partners and targeted investment opportunities, including follow-on investment opportunities from existing investments.

In its approach to infrastructure investing, the Registrant seeks to:

- acquire high-quality infrastructure assets with predictable, stable underlying demand, preferably having revenue supported by regulation or by long-term price/volume contracts linked to inflation;
- focus on investments with potentially strong cash returns, in both the short-term and the long-term;
- pursue only those investments where the Registrant can significantly influence the strategic direction of the investment (typically, this means acquiring not less than a 25% ownership interest with commensurate governance rights in order to have an active voice on key matters related to the asset);
- partner in the right circumstances with other long-term investors whose interests are aligned and/or with strong operating partners who have the operational expertise that may be necessary to make a particular investment successful;
- enhance equity returns with prudent leverage;
- favor investments that have potential follow-on investment opportunities;
- value assets without assuming a high terminal value, reflecting a true buy-and-hold strategy;
- identify risk factors early in the investment process in order to seek to mitigate them where possible; and

- prudently diversify its managed portfolio by industry sector, geography, size and stage of development while pursuing higher probability, lower execution risk opportunities where they exist.

The following are the primary infrastructure sectors upon which the Registrant focuses in providing investment identification, pursuit and management services to its clients.

**Utilities:** This sector is comprised of electricity and/or gas transmission and distribution and water and wastewater businesses. In this sector, the Registrant looks for long-term, stable and regulated returns and the opportunity for substantial follow-on investments through capital project expansions or enhancements.

**Power & Renewables:** This sector is comprised of traditional power generation as well as alternative and renewable (wind and solar) energy generation. In this sector, the Registrant seeks opportunities that use well proven technology, have significant scale and long-term contracts with highly rated counterparties.

**Transportation:** This sector is comprised of different types of transportation assets and related businesses, including ports, roads, bridges, rail, airports, and railcar and aircraft lessors. This sector fits with the Registrant's investment approach given the typically large scale, regulated or long-term contractual underpinnings and high barriers to entry. The Registrant typically prefers availability-based revenue opportunities and generally avoids transportation assets that are overly reliant on projected growth in traffic volumes, particularly for new or relatively untested assets.

**Midstream:** This sector includes assets that process, transport and store crude oil, natural gas and other commodities. In this sector, the Registrant looks for opportunities that provide long-term contracts with credible counterparties or regulated returns for regulated assets. Energy assets often require patient long term capital and may provide steady and predictable returns over the long term.

**Communications:** This sector is comprised of critical infrastructure that transmit and store data globally, including electrical and mechanical infrastructure, IT infrastructure, fiber networks and telecommunications towers used to transmit telephone signals, internet communication and cable television signals. In this sector, the Registrant looks for opportunities in long-term assets that provide recurring revenue, predictable income and exhibit strong overall industry growth.

**Other Essential Services:** In addition to the primary sectors noted above, the Registrant may pursue, on a lesser scale, opportunities in other infrastructure sectors including, but not limited to, satellites, radio frequency devices and emergency band services and government-regulated services, such as laboratory diagnostic services and land registry services.

The Registrant's methods of investment analysis and investment approach involve intensive business, financial, legal, tax, accounting, regulatory, environmental and technical due diligence using both internal and external resources.

For each investment, a detailed valuation model, complete with detailed assumptions and sensitivity analyses, is prepared. The Registrant also prepares a structure paper as well as an investment presentation providing information about the investment opportunity, including the investment thesis, key investment criteria, a review of the due diligence undertaken, potential returns, risks and mitigants section summarizing the major risks associated with the investment and corresponding mitigants or mitigation strategies, if available, and the proposed structure for the transaction. This investment presentation and supporting documentation are presented to OAC and, for Co-Investment Program investments, the participating Co-Investors, to assist them in their decision whether or not to participate in the investment opportunity.

OAC and, if applicable, the participating Co-Investors, are given the opportunity to ask the Registrant questions about the investment opportunity or any information in the investment memorandum and related materials before making the decision whether or not to participate.

## **B. Material Risks**

Investing in securities involves risk of loss that clients should be prepared to bear including the risk of loss of the entire investment. Investing in private infrastructure assets, including through the use of the investment strategies and methods of analysis described above, involves a number of risks including those described below.

## **RISKS RELATING TO ASSETS**

### *Economic and Market Risk*

Investments may be sensitive to movements in the economy and general financial market conditions. A recession or adverse development in a particular country, region or financial market could have an adverse impact on some or all of the investments recommended by the Registrant. In addition, factors specific to an investment may have an adverse effect on such investment.

### *Inflation and Interest Rate Risk*

Inflation could directly adversely affect an investment. If an investment is unable to increase its revenue in times of higher inflation, its profitability and ability to distribute dividends may be adversely affected. Some investments may have long-term rights to income linked to some extent to inflation, whether by government regulations, contractual arrangement or otherwise. Typically, as inflation rises, an infrastructure investment will earn more revenue, but will incur higher expenses; as inflation declines, the investment may not be able to reduce expenses in line with any resulting reduction in revenue. Many infrastructure businesses rely on concessions to mitigate the inflation risk to cash flows through escalation provisions linked to the inflation rate. While these provisions may protect against certain risks, they do not protect against the risk of a rise in real interest rates, which is likely to create higher financing costs for an investment and a reduction in the amount of cash available for distribution to investors. In addition, the market value of an investment in infrastructure may decline in times of higher inflation rates given that the most commonly used methodologies for valuing investments (*e.g.*, discounted cash flow analysis) are sensitive to rising inflation and real interest rates. Finally, wage and price controls have been imposed at times in certain countries in an attempt to control inflation, which could significantly affect the operation of an investment. Accordingly, changes in the rate of inflation may affect the forecasted profitability of an investment. Certain countries' economies, including in particular many emerging markets, have experienced substantial growth in, and in some periods, extremely high rates of, inflation for extended periods of time. Inflation has, and may continue to have, negative effects on the economies of certain of these countries.

### *Competition for Investments Risk*

The market for infrastructure investments is competitive. The Registrant is competing with other established consortiums, companies, investment firms, governmental entities and other investors having substantial resources and experience. In addition, some of these competitors may have higher tolerances or different risk assessments, which could allow them to consider a wider variety of investments. Such competition may limit the investment opportunities available or make such opportunities available upon less favorable terms and conditions.

### *Financing and Refinancing Risk*

Certain investments may involve financing arrangements, and such indebtedness may be secured by the commitments of OAC or its related person, the Co-Investors and other relevant assets. The Registrant intends to evaluate whether it is prudent and appropriate to incur this leverage and there can be no assurance that leverage will be incurred given that adverse economic factors, such as a significant rise in interest rates or unfavorable conditions or terms, may cause the Registrant, in its discretion, to elect not to incur such leverage. The extent to which leverage is used may have important consequences to the Co-Investors, including, but not limited to, the following: (a) greater fluctuations in the net assets of the Co-Investors; (b) use of cash flow (including capital contributions) for debt service and related costs and expenses, rather than for additional portfolio investments, distributions or other purposes; (c) an increase in the costs of refinancing maturing debt obligations; (d) increased interest expense if interest rate levels were to increase; (e) in certain circumstances, prematurely disposing of portfolio investments to service certain debt obligations; and (f) limitation on the flexibility to generate returns or provide cash distributions to the Co-Investors or sell assets that are pledged to secure the indebtedness.

Although the Registrant will seek to use leverage in a manner it believes is appropriate under the circumstances, the leveraged capital structure of a portfolio investment will increase the exposure of such portfolio investment to material and adverse economic factors such as rising interest rates, downturns in the economy or deteriorations in the condition of such portfolio investment or its industry and which may impair such portfolio investment's ability to finance its future operations and capital needs and result in restrictive financial and operating covenants. As a result, such portfolio investment's flexibility to respond to changing business and economic conditions may be limited. If, for any of these reasons, a portfolio investment is unable to generate sufficient cash flow to meet principal and/or interest payments on its indebtedness or make regular dividend payments, the value of a Co-Investor's investment in such portfolio investment could be significantly reduced or even eliminated. In addition, it may be the intention of a portfolio investment to refinance existing indebtedness at its maturity date but such portfolio investment may not be able to do so (a) at the rate assumed based on current market conditions, in which case such refinancing may be more costly or (b) at all, in which case such portfolio investment may not have sufficient funds on hand to pay its existing lenders.

#### *Operating and Financial Risk*

Infrastructure investments will involve business and financial risk. Some of these investments may be operating at a loss or have significant variations in operating results or may require substantial additional capital to support their operations, to finance development or expansion or to maintain their competitive position. Investments are expected to be prudently leveraged, which may have important consequences for investors. Investments may be subject to restrictive financial and operating covenants. Leverage may impair their ability to finance future operations and capital needs. In addition, proceeds of this debt may be paid as a dividend to equity holders and not invested in operating or financial assets or otherwise retained by the relevant investments themselves. As a result, investments may have limited flexibility in their ability to respond to changing business and economic conditions and to business opportunities. A leveraged investment's income and net assets will tend to increase or decrease at a greater rate than if borrowed money were not used. In addition, an investment with a leveraged capital structure will be subject to increased exposure to adverse economic factors such as a significant rise in interest rates, a severe downturn in the economy, rapid inflation or deterioration in the condition of that investment or its industry. In the event that an investment is unable to generate sufficient cash flow to meet principal and interest payments on its indebtedness, the value of the investment could be significantly reduced or even eliminated.

#### *Market Disruption Risk*

The military operations of various countries, the instability in various parts of the world and the prevalence of terrorist attacks throughout the world could have significant adverse effects on the global economy, which may adversely affect the value of investments recommended by the Registrant. In addition, illnesses such as severe acute respiratory syndrome spread rapidly and have the potential to significantly affect the global economy. It is not possible to predict the likelihood of these types of events occurring in the future or how such events may affect investments. Furthermore, insurance to cover any losses that result from such market disruptions may not be available on acceptable terms or altogether.

#### *Acquisition Risk*

There is competition for opportunities to acquire infrastructure investments, and some potential competitors may have greater financial resources or access to financing on more favorable terms. This competition may limit acquisition opportunities, lead to higher acquisition prices, or both. Acquisition of investments involves a number of special risks, including failure of the acquired business to achieve expected results, failure to identify material risks or liabilities associated with the acquired business prior to its acquisition, diversion of the attention of the Registrant's management and the failure to retain key personnel of an investment, some or all of which could have a material adverse effect on an investment's business, cash flow and performance. Additionally, investors may not be able to successfully fund future acquisitions of new investments or capital raisings due to the unavailability of debt or equity financing on acceptable terms, which could impede the implementation of an acquisition strategy or result in the dilution of interest in an investment. Due to the timing and size of future acquisitions, investors may not be able to obtain funding on short notice to benefit fully from attractive opportunities. As a result of lack of funding, investors may not be able to pursue acquisition strategies successfully or the investor's investments could be diluted.

### *Demand, Usage and Patronage Risk*

Despite targeting assets with lower demand, usage and patronage risk, the Registrant will not be able to eliminate such risks. To the extent that the Registrant's assumptions regarding the demand, usage and patronage of assets prove incorrect, the financial returns could be adversely affected. Some investments may be subject to seasonal variations, including greater revenues and profitability during different seasons of the year. Accordingly, an investment's operating results for any particular quarter or other period may not be indicative of the results that can be expected for that investment throughout the entire year.

### *Follow-On Investments Risk*

Following the initial investment in a portfolio investment, investors may have the opportunity to provide additional funds or have the opportunity to increase their respective investments in such company or to fund additional investments through such company. There is no assurance that investors will make follow-on investments or that there will be sufficient funds to make all such investments. Any decision not to make follow-on investments or the inability to make them may have substantial negative impact on the portfolio investment in need of such investment and may result in missed opportunities for the investors or may result in dilution of portfolio investments (in the event alternative capital is used to satisfy such additional funding needs). Additionally, if investors make a follow-on investment, there is no assurance that such follow-on investment will be successful.

### *Board Participation Risk*

Clients of the Registrant, including Infrastructure Canada and/or Co-Investors, may seek to be the sole or largest investor in a portfolio investment and will generally be represented on that portfolio company's board of directors or hold a position on an advisory, operations or similar committee of such portfolio investment. Such positions may have the effect of impairing the clients' ability to sell the related securities when and upon the terms, they may otherwise desire and may subject the Registrant or clients to claims they would not otherwise be subject to as an investor, including claims of breach of duty of loyalty, securities claims and other director-related claims.

### *Tax Law Risk*

The Act to Provide for Reconciliation Pursuant to Titles II and V of the Concurrent Resolution on the Budget for Fiscal Year 2018 (the "TCJA") substantially altered U.S. federal tax law, including by changing tax rates, modifying certain rules relating to the use of losses and deductions, and imposing new rules affecting investments in foreign securities. In some cases, there is uncertainty around the scope and application of the newly-enacted legislation that may be addressed in future IRS guidance. Investors and clients are urged to consult their tax advisors as to the U.S. federal income tax consequences of holding and disposing of interests in any investments or assets managed by the Registrant or its related persons, including in respect of the TCJA and its potential effect on the foregoing, as well as the effects of state, local and non-U.S. tax laws.

### *Unsuccessful Exit Risk*

The Registrant may recommend that an investor opportunistically sell or dispose of portfolio investments at any time. It is not possible to predict whether an exit strategy will be advantageous or available at the appropriate time. If the investor(s) fails to execute an exit strategy successfully prior to liquidation, the investor may be forced to liquidate an asset on terms less favorable than anticipated and the proceeds from these portfolio investments and the remaining portfolio investments may be materially and adversely affected.

## **RISKS RELATING TO INFRASTRUCTURE ASSETS**

### *General Risk*

Most infrastructure assets have unique locational and market characteristics, which could make them highly illiquid or appealing only to a narrow group of investors. Political and regulatory considerations and popular sentiments could also affect the ability of investors to buy or sell investments on favorable terms. Infrastructure assets can have a

narrow customer base. Should any of the customers or counterparties fail to pay their contractual obligations, significant revenues could decrease or cease. This would adversely affect the profitability of the infrastructure assets. Infrastructure projects are generally heavily dependent on the management team and/or operator of the assets. There are a limited number of management teams or operators with the expertise necessary to successfully maintain and operate infrastructure projects. The insolvency of the lead contractor, a major sub-contractor or a key equipment supplier could result in material delays, disruptions and costs that could significantly impair the financial viability of an infrastructure investment project.

#### *Operating and Technical Risk*

The long-term profitability of infrastructure assets, once they are constructed, is partly dependent upon the efficient operation and maintenance of the assets and companies. Inefficient operation and maintenance may reduce the profitability of investors' investment, adversely affecting financial returns. Investments in infrastructure assets may be subject to operating and technical risks, including the risk of mechanical breakdown, spare parts shortages, failure to perform according to design specifications, labor strikes, labor disputes, work stoppages and other work interruptions, and other unanticipated events which adversely affect operations. While the Registrant will, where possible, seek investments in which creditworthy and appropriately bonded and insured third parties bear much of these risks, there can be no assurance that any or all such risks can be mitigated or that such parties, if present, will perform their obligations. An operating failure may lead to loss of a license, concession or contract on which a portfolio investment is dependent. In addition, despite proper operation and maintenance, an infrastructure investment may be vulnerable to a force majeure event, and the damage caused by such an event may adversely affect a party's ability to perform its obligations until it is able to remedy the damage. For example, certain of the infrastructure investments may be located in earthquake zones or be subject to risks associated with adverse weather conditions, natural disasters (such as fire, hurricanes, tornadoes, tsunamis, typhoons, windstorms, volcanic eruptions or floods), man-made disasters, changes in the weather, seasons and/or climate, changes in law, eminent domain, war, riots, terrorist attacks, labor disputes and other unforeseen circumstances and incidents. Insurance coverage of such risks may be limited, subject to large deductibles or completely unavailable.

#### *Environmental Risk*

Infrastructure assets may be subject to numerous statutes, rules and regulations relating to environmental protection. Certain statutes, rules and regulations might require that investments address prior environmental contamination, including soil and groundwater contamination, which results from the spillage of fuel, hazardous materials or other pollutants. Under various environmental statutes, rules and regulations, a current or previous owner or operator of real property may be liable for noncompliance with applicable environmental and health and safety requirements and for the costs of investigation, monitoring, removal or remediation of hazardous materials. These laws often impose liability, whether or not the owner or operator knew of or was responsible for the presence of hazardous materials. The presence of these hazardous materials on a property could also result in personal injury or property damage or similar claims by private parties. Persons who arrange for the disposal or treatment of hazardous materials may also be liable for the costs of removal or remediation of these materials at the disposal or treatment facility, whether or not that facility is or ever was owned or operated by that person. These liabilities may exceed the value of the infrastructure asset at issue and may result in claims against the owner that would result in the loss of other assets of the owner. Environmental liabilities may arise as a result of a large number of factors, including changes in laws or regulations and the existence of conditions that were unknown at the time of acquisition or operation.

In addition, infrastructure investments can have a substantial environmental impact. As a result, community and environmental groups may protest about the development or operation of infrastructure assets, and these protests may induce government action to the detriment of the owner of the infrastructure asset. Ordinary operation or occurrence of an accident with respect to infrastructure assets could cause major environmental damage, which may result in significant financial distress to the particular asset. In addition, the costs of remediating, to the extent possible, the resulting environmental damage and repairing relations with the affected community, could be significant.

#### *Terrorism and Geopolitical Risk*

Infrastructure investments may involve significant strategic assets, which have a national or regional profile and may have monopolistic or oligopolistic characteristics. Wars, terrorism and related geopolitical risks have led, and may in

the future lead to, increased short-term market volatility and may have adverse long-term effects on U.S. and world economies and markets generally. The very nature of investments in infrastructure could generate additional risk not common in other industry sectors and could expose them to a greater risk of being the subject of a terrorist attack than other assets or businesses. Any terrorist attacks that occur at or near infrastructure facilities would likely cause significant harm to employees, assets and, potentially, the surrounding community. Insurers have significantly reduced the amount of insurance coverage available for liability to persons other than employees or passengers for claims resulting from acts of terrorism, war or similar events. A terrorist attack involving an infrastructure investment may result in liability far in excess of available insurance coverage. A terrorist attack on an infrastructure project may also have adverse consequences for all infrastructure projects of a similar type. For example, as a result of a terrorist attack in the vicinity of a project similar in function to an infrastructure investment, that infrastructure investment may be forced to increase preventative security measures or expand its insurance coverage, adversely affecting the profitability of that investment. Similarly, a terrorist attack could cause reduced patronage, usage and demand for an entire class of infrastructure investments or for infrastructure investments in the region of the terrorist attack, which could adversely affect an infrastructure investment's profitability.

#### *Construction Risk*

Infrastructure assets involving significant construction, such as greenfield development, carry a risk that such projects will not be completed within budget, within the agreed timeframe or to the agreed specification, which may result in significant delays or increased costs in the commencement of cash flow generation. Such unexpected delays or costs may result in increased debt service costs and the inability of project owners to meet the higher interest and principal repayments arising from the additional debt requirement. In addition, there could be insufficient funds to complete construction. Delays in project completion may also affect the scheduled cash flow necessary to cover the debt service costs and operation and maintenance expenses. This risk may be mitigated by provisions in the construction contract for payment of liquidated damages by the construction contractor. However, it is possible that an investment recommended by the Registrant may be exposed to any losses not covered by such provisions or to the financial failure of the contractor.

#### *Documentation Risk*

Infrastructure assets are often governed by highly complex legal contracts and documents. As a result, the risks of a dispute over interpretation or enforceability of the legal contracts and documentation and related costs and delays may be higher than for other types of investments.

#### *Regulatory Risk*

Many infrastructure investments will be subject to substantial governmental regulation, and governments have considerable discretion in implementing regulations that could impact the business of infrastructure investments. In addition, the operations of infrastructure investments may rely on government permits, licenses, concessions, leases or contracts. Government entities generally have significant influence over such companies in respect of the various contractual and regulatory relationships they may have, and these government entities may exercise their authority in a manner that causes delays in the operation of the business of the infrastructure investments, obstacles to pursuit of the infrastructure investment's strategy or increased administrative expenses. In this regard, the nature and extent of government regulation can also be a key driver of value and returns.

Where the ability to operate an infrastructure investment is subject to a concession or lease from the government, the concession or lease may restrict the operation of the infrastructure investment, including the ability of the Registrant to operate the business in a way that maximizes cash flows and profitability. Leases or concessions may also contain clauses more favorable to the government counterparty than would a typical commercial contract (for example, enabling the government to terminate a lease or concession in certain circumstances without paying adequate compensation). If an infrastructure investment fails to comply with any regulation or contractual obligation, the infrastructure investment could be subject to monetary penalties, loss of the right to operate affected businesses, or both. Furthermore, government permits, licenses, concessions, leases and contracts are generally very complex and may result in a dispute over interpretation or enforceability. In addition to any contractual rights they may enjoy, government counterparties may also have the independent discretion to implement or change laws, regulations or treaties affecting the operations of infrastructure investments. There can be no assurance that any future modification



to applicable laws, regulations or treaties will not adversely impact the investment. Further, the ability to grow future businesses will often require consents from numerous government regulators. These consents may be costly to seek and they may not be obtained.

Infrastructure investments may be subject to rate regulation by government agencies because of their unique position as the sole or predominant providers of services that are often essential to the community. As a result, certain infrastructure investments might be subject to unfavorable price regulation by government agencies. For example, infrastructure companies engaged in businesses with monopolistic or oligopolistic characteristics, such as electricity distribution and airports, could face caps placed by regulators on allowable returns. Often these price determinations are final with limited or no right of appeal. Given the public interest aspect of the services that infrastructure investments provide, political oversight of the sector is likely to remain pervasive and unpredictable and, for political reasons, governments may attempt to take actions that may negatively affect the operations, revenue, profitability or contractual relationships of infrastructure investments, including through expropriation. For example, in response to public pressure and/or lobbying efforts by specific interest groups, government entities may put pressure on infrastructure investments to reduce toll rates, limit or abandon planned rate increases, and/or exempt certain classes of users from tolls. Under these circumstances, if the affected infrastructure investments are unable to secure adequate compensation to restore the economic balance of the relevant concession agreement, the investment's business, financial condition and results of operations of an investment could be materially and adversely affected.

#### *Commodity Risk*

Some investments may be subject to commodity price risk, including, without limitation, the price of electricity and the price of fuel. The operation and cash flows of certain energy industry portfolio investments will depend, in substantial part, upon prevailing market prices for electricity and fuel as well as natural gas. These market prices may fluctuate materially depending upon a wide variety of factors, including, without limitation, weather conditions, foreign and domestic market supply and demand, force majeure events, changes in law, governmental regulations, price and availability of alternative fuels and energy sources, international political conditions including those in the Middle East, actions of the Organization of Petroleum Exporting Countries (and other oil and natural gas producing nations) and overall economic conditions.

#### *Liquidity Risk*

Most infrastructure assets are less liquid and involve a longer holding period than traditional private equity investments, which are also considered illiquid and long-term. There is unlikely to be a readily available market for most of the investments proposed by the Registrant, and disposition of investments may require a lengthy time period. Losses on unsuccessful investments may be realized before gains on successful investments are realized.

#### *Projections Risk*

Investments recommended by the Registrant may consider and/or rely upon projections concerning an investment's future performance, outcome and cash flow. Projections are inherently subject to uncertainty and factors beyond the control of the Registrant. The inaccuracy of certain assumptions, the failure to satisfy certain requirements and the occurrence of other unforeseen events could impair the ability of an investment to realize projected values, outcomes and cash flow.

#### *Valuation Risk*

Given the nature of the infrastructure investments, valuation may be subjective and difficult. The Registrant may engage certain qualified valuation professionals to assist in the valuation determination. Any such valuations may be speculative. In addition, such valuations will affect the calculation of a carried interest distribution (if any).

### **RISKS ASSOCIATED WITH THE GEOGRAPHY OF INVESTMENTS**

#### *Developing Market Risk*

Business practices and the corporate culture of companies in developing markets are often different from those in companies in more mature markets and may be characterized as being riskier and less transparent. Some examples of such business practices of companies in developing markets include poor corporate governance, significant levels of transactions involving transfer pricing and related parties, dilutive share issuances, tax-optimization schemes that may be subject to challenge and result in significant liabilities, high operational risks and risks associated with harm to health, safety and environment, unreliable financial reporting and controls (including material weaknesses reported by independent auditors), and lack of adequate insurance. Thus, investments in developing markets are inherently risky.

#### *Currency and Exchange Risk*

To the extent that an investor directly or indirectly holds assets in local currencies in countries outside the United States, it will be exposed to a degree of currency risk that may adversely affect performance. Changes in foreign currency exchange rates may affect the value of securities. In addition, investors will incur costs in connection with conversions between various currencies, which will reduce the returns to investors for such securities.

#### *Investment and Repatriation Risk*

Investment in certain countries, including the United States, may be restricted or controlled to varying degrees. These restrictions or controls may at times limit or preclude investment and may increase the risk or expenses associated with certain investments. For example, certain countries may: (i) require governmental approval prior to investment in companies or industries deemed important to national interests; (ii) limit the amount of investment by persons who are not citizens; (iii) limit investments by persons who are not citizens to only a specific class of securities of a company that may have less advantageous terms than the classes available for purchase by citizens of the country; or (iv) impose additional taxes on investors who are not such country's tax residents, including expropriation or confiscatory taxes. In addition, the repatriation of both investment income and capital from certain countries may be subject to restrictions such as governmental consents or waiting periods. Finally, certain countries, including the United States, may impose withholding taxes, import duties, and other protectionist measures, which could adversely affect the returns associated with certain investments. Although these restrictions may make investment in the countries to which they apply undesirable in the future, the prospective investors nevertheless may proceed with investments in countries that have existing or potential investment and repatriation restrictions.

#### *Legal System Risk*

It may be difficult to obtain judgments in certain countries. For example, legal proceedings in certain jurisdictions may take many years longer to conclude than similar proceedings in more developed countries. Moreover, once a judgment is obtained, a variety of causes may make enforcement or collection of that judgment difficult. Certain countries, particularly emerging market countries, are subject to laws that differ materially from those applicable in more developed countries. These laws may have a material impact on the general economic and political environments, as well as the manner in which businesses are conducted (including corrupt business practices), in these countries. There may be a lower level of monitoring and regulation of certain markets and the activities of investors in these countries, and enforcement of the regulations that do exist may be extremely limited, which will reduce predictability with respect to, and may adversely affect, the performance and returns to investors of the related assets.

#### *Financial Information Risk*

Depending on where they are located, certain investments may be subject to accounting, auditing and financial reporting requirements that differ, in some cases significantly, including with respect to completeness and quality of information, from those applicable in more developed countries. In certain countries these standards and reporting requirements may be considerably less strict than those in more developed countries. In particular, the assets and profits appearing on the financial statements of a company may not reflect its financial position or results of operations in the way that such information would be reflected had the financial statements been prepared, for example, in accordance with U.S. Generally Accepted Accounting Principles. Additionally, for companies that keep accounting records in local currency, some countries' inflation accounting rules require, for both tax and accounting purposes, that certain assets and liabilities be restated on the company's balance sheet in order to express items in terms of currency of constant purchasing power, while others do not permit such restatement. Financial information that is

incomplete or of low quality may affect investors' ability to evaluate proposed investments or to obtain appropriate financial reports relating to investments in countries in which they have invested.

#### *Political, Social and Economic Risk*

Political, social and economic structures in countries with developing economies generally lack the social, political and economic stability characteristic of more developed countries (such as the United States, Canada or countries in Western Europe). This instability may result from, among other things, the following: (i) presence of authoritarian governments or military involvement in political and economic decision making, including changes in government through extra-constitutional means and the imposition or strengthening of controls on outside investment and/or repatriation of capital and income; (ii) popular unrest associated with demands for improved political, economic and social conditions; (iii) internal insurgencies; (iv) hostile relations with neighboring countries; (v) ethnic, religious, and racial unrest; (vi) higher levels of corruption of government officials and corporate officers; and (vii) interference into political and government affairs by powerful economic groups. This social, political and economic instability significantly increases the risk, and could significantly and adversely affect the value, of investments located within the affected countries. With respect to certain countries, there may also be the possibility of expropriation, confiscatory taxation or other protectionist measures or diplomatic developments that could affect portfolio investments in those countries. Governments in certain countries participate to a significant degree in their economies through ownership interests or regulation. Action by these governments could have a significant adverse effect on the value of any investments in the affected countries. In addition, the characteristics of infrastructure assets may magnify the impact of political, social and economic instability as well as governmental action. Political risk insurance covering investments is generally not expected to be obtained.

More developed economies are also subject to geopolitical tensions. Recent political transitions in the United States and the United Kingdom can create uncertainties and, potentially, changes to the political stability of those regions, the stability of financial markets and growth in developed economies. Such instability could have a significant adverse effect on investments and/or operations.

#### *Different Economic Conditions*

Economies of individual countries may differ favorably or unfavorably from the economies of more developed countries in such respects as rate of growth, rate of inflation, exchange rate depreciation, capital reinvestment, resource self-sufficiency and balance of payment positions. In addition, the economies of certain countries and regions are influenced to varying extents by economic and market conditions in other countries or regions. For example, certain countries are heavily dependent upon international trade. As a result, the economic conditions of their trading partners and protective trade barriers erected by their trading partners could have a significant adverse effect upon business conditions in the local economy. There can be no assurance that certain countries' economies will not continue to be affected negatively by events elsewhere or that such events will not adversely affect the value of investments.

#### *US Political Risk*

Commencing with the November 2016 election of President Donald J. Trump and continuing until the November 2018 mid-term elections, the Republican Party had majority control of the executive branch and both houses of the legislative branch. In November 2018, however, the Republican Party lost control of the House of Representatives, but maintained a slight majority control of the Senate. This shift in Congress suggests that President Trump's policies and agenda may be more difficult to implement than originally anticipated.

In 2018, the US, Canada and Mexico agreed upon a replacement to the North American Free Trade Agreement ("NAFTA"), referred to as the US Mexico Canada Agreement ("USMCA"). The USMCA has not yet been ratified by Congress.

Further, in 2018, tensions between the US and China were exacerbated by President Trump's decision to level tariffs on China and the passage of the Foreign Investment Risk Review Modernization Act ("FIRRMA"), which appears to make Chinese investment in US technology companies extremely difficult.

Prior to losing Republican control of Congress, President Trump enacted significant corporate tax cuts. Corporate tax rates were cut to the OECD average, and taxation was shifted from a global to a territorial system.

President Trump has also issued numerous executive orders addressing immigration, travel from selected countries, and the Affordable Health Care Act. The full extent of any such protectionist measures is currently unknown, and retaliation or retaliatory threats by foreign nations affected by such measures may limit international trade and adversely impact global economic conditions.

Additionally, President Trump has indicated that he may seek to adopt legislation that could significantly affect the regulation of the US financial markets. Areas subject to potential change, amendment or repeal include the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “**Dodd-Frank Act**”), including the Volcker Rule and various swaps and derivatives regulations, the authority of the Federal Reserve and the Financial Stability Oversight Council, and renewed proposals to separate banks’ commercial and investment banking activities. It is unclear which, if any, of these actions will be taken and the ultimate effect of any such actions, if taken, or of the other events described in this paragraph on the financial stability of the United States, Canada and other countries. Such actions or events could have a significant adverse effect on the Registrant’s business, investments and/or operations.

#### *UK Referendum*

A referendum was held in June 2016 to decide whether the United Kingdom should leave or remain in the European Union (the “**UK Referendum**”). The UK Referendum resulted in a vote in favor of the United Kingdom leaving the European Union. At present, the United Kingdom and the European Union are negotiating in an effort to reach an agreement as to an orderly transition and withdrawal. However, the ultimate outcome of the Brexit process remains very uncertain.

A “no-deal exit” is expected to have consequences that are both profound and uncertain for the economic and political future of the United Kingdom and the European Union, and those consequences include significant legal and business uncertainties pertaining to portfolio investments. The full scope and nature of the consequences are not at this time known and may be unknown for a significant period of time. Key issues include market access (including access for financial institutions) and the portioning of EU liabilities. The UK Referendum has also led to significant uncertainty in the business, legal and political environment. Risks associated with the outcome of the UK Referendum include short and long term market volatility and currency volatility (including volatility of the value of the British pound sterling relative to the United States dollar and other currencies and volatility in global currency markets generally), macroeconomic risk to the United Kingdom and European economies, impetus for further disintegration of the European Union, another potential referendum on Scottish independence and related political stresses (including those related to sentiment against cross border capital movements and activities of institutional investors), legal uncertainty regarding achievement of compliance with applicable financial and commercial laws and regulations. During this period of uncertainty, the negative impact on not only the United Kingdom and European economies, but the broader global economy, could be significant, potentially resulting in increased volatility and illiquidity and lower economic growth for companies that rely significantly on Europe for their business activities and revenues. Any further exits from the European Union, or the possibility of such exits, would likely cause additional market disruption globally and introduce new legal and regulatory uncertainties.

#### **RISKS ASSOCIATED WITH OPERATIONS**

##### *Cyber Security Breaches, Identity Theft, Privacy Breaches, and Other Business Continuity Events*

The Registrant’s information and technology systems may be vulnerable to damage or interruption from cyber security incidents and events (including computer viruses, attacks on our information technology infrastructure and/or infiltration by unauthorized persons), computer, network and telecommunication failures, usage errors by their respective professionals, loss or corruption of data, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes (a “**Business Continuity Event**”). A Business Continuity Event can create strategic loss of investment opportunities, cause interruptions in the Registrant’s operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data (including third-party data), create negative reputational outcomes for the Registrant, its client and/or an investment’s operations and subject any such entity to adverse operational, financial, legal and regulatory effects.

Substantial costs may also be incurred as the result of a Business Continuity Event, including those associated with legal fees, forensic analysis, public relations, notification and credit monitoring services, extortion demands, data remediation, identity theft, unauthorized use of proprietary information and the dissemination of confidential and proprietary information and reputational damage. In addition, any such Business Continuity Event could expose the Registrant, its clients and/or an investment to civil liability as well as regulatory inquiry and/or action.

While the Registrant has implemented a cybersecurity program that targets management of Business Continuity Events and provides guidance on future cybersecurity risks and management decision making processes, there are inherent limitations in such measures, including the possibility that certain risks have not yet been identified.

#### *Disclosure of Information*

As a result of increased regulations in the private funds and related industries, the Registrant may request additional documentation or information from investors in order to verify, among other things, such investor's and its beneficial owners' identity and the source of funds used to participate in any investment program. The Registrant may decline to accept a co-investment on the basis of the information that is provided or if this information is not provided. In order to comply with applicable laws, rules, regulations and policies, the Registrant may request additional information from the investors at any time. Such information may be provided to governmental and regulatory agencies without notification to the investors. The failure of an investor to comply with such requests may result in adverse consequences applying to such investor. Further, the Registrant will take such steps as it determines in its sole discretion are necessary or appropriate to comply with applicable law, regulations, orders, directives or special measures.

#### *Money Laundering Risk*

As part of its responsibility for the prevention of money laundering under the Uniting and Strengthening America by Providing Appropriate Tools Required to Interrupt and Obstruct Terrorism Act of 2001 (the "**PATRIOT Act**") and similar laws in effect in non-U.S. countries, the Registrant may require a detailed verification of a prospective investor's identity and the source of such prospective investor's capital contributions. In the event of delay or failure by a prospective investor to produce any such information required for verification purposes, the Registrant may refuse to accept such investor as a client. In addition, each prospective investor will be required to make certain representations and warranties and will be required to promptly notify the Registrant if any of the representations or warranties it has made will cease to be true with respect to such investor.

As a result of the above-described money laundering regulations, the Registrant may from time to time request and the investors may be obligated to provide additional information as may be required for it and the Registrant to satisfy their respective obligations under these and other laws that may be adopted in the future. Also, the Registrant may from time to time be obligated to file reports with various jurisdictions with regard to, among other things, the identity of the investors and suspicious activities involving the investors.

In the event it is determined that any investor or any direct or indirect owner of any investor is a person identified in any of these laws as a prohibited person or is otherwise engaged in activities of the type prohibited under these laws, the Registrant may be obligated to take certain actions.

#### *Electronic Disclosure*

The Registrant may provide investor statements, reports, notices, requests, demands or similar documentation and other communications relating to the Registrant or any of their respective affiliates in electronic form, such as e-mail or through the posting in a data room, in lieu of or in addition to sending such communications as hard copies.

There may be certain costs and possible risks associated with electronic delivery. Moreover, the Registrant cannot provide any assurance that these communication methods are secure and will not be responsible for any computer viruses, problems or malfunctions that may be associated with the distribution of materials in electronic form. E-mail messages are not secure and may contain computer viruses or other defects, may not be accurately replicated on other systems, or may be intercepted, deleted or interfered with without the knowledge of the sender or the intended

recipient. The Registrant makes no assurances, representations or warranties in relation to these matters, and reserves the right to intercept, monitor and retain e-mail messages to and from its systems as permitted by applicable law.

Similar types of operational and technology risks are also present for portfolio companies, which could have material adverse consequences for such portfolio companies, and may cause a client's investments to lose value.

#### *Outside Activities*

Employees of the Registrant and/or Infrastructure Canada or affiliates thereof, such as OAC, who play key roles in managing or operating the activities of the Registrant, may spend a portion of their time on matters other than or only tangentially related to the Registrant. Time may be spent on managing and exiting investments of other Infrastructure Canada investment, and on providing services to and effecting transactions on behalf of other groups within Infrastructure Canada and/or affiliates. Such obligations of these individuals could conflict with their responsibilities to the Registrant and/or investors.

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

Not applicable.

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

#### **Other Registrations**

Neither the Registrant nor any of its management persons are registered, or have an application pending to register as a broker-dealer, a futures commission merchant, a commodity pool operator or a commodity trading advisor, or a registered representative or associated person of any of the foregoing entities.

#### **Affiliations**

OAC owns 100% of the economic interest (through participating shares) and 30% of the voting equity in other entities such as OSI and BPC Properties Ltd. (the entity that indirectly owns Infrastructure Canada). The Registrant, OMERS Infrastructure Australia Pty Limited (“**Infrastructure Australia**”), and OMERS Infrastructure Europe Limited (“**Infrastructure Europe**”) are wholly-owned subsidiaries of Infrastructure Canada. Infrastructure Europe is registered as of July 2012 with the Financial Conduct Authority in the United Kingdom.

In reliance on a line of no-action letters in which the SEC previously granted relief to several persons unrelated to the Registrant,<sup>1</sup> the Registrant has entered into service arrangements with Infrastructure Canada, Infrastructure Europe, Infrastructure Australia, and OMERS Private Equity (each, a “**Participating Affiliate**”) which permit the Registrant to use investment management capabilities and related services, including personnel of the Participating Affiliates, in providing advice to the Registrant's clients.

To the extent permitted by applicable law, the Registrant may use the services provided by other related persons. The Registrant may engage Oxford Properties Group and OMERS Capital Markets to conduct due diligence on potential investment opportunities for OAC or the OIP. OMERS Capital Markets assists the Registrant in hedging transactions for OAC, including determining the counterparties and pricing for the hedging transactions. Infrastructure Canada may also engage such related persons for similar services described above.

The Registrant does not provide to Co-Investors (other than OAC by virtue of the Registrant's role as sub-adviser to Infrastructure Canada) hedging or repatriation advice, or advice which takes into account circumstances specific to any particular Co-Investor (other than OAC) such as advice with respect to how Co-Investors should hold or structure

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<sup>1</sup> See *Uniao de Bancos de Brasileiros S.A.*, SEC Staff No-Action Letter (Jul. 28, 1992), *Royal Bank of Canada*, SEC Staff No-Action Letter (Jun. 3, 1998); *ABN AMRO Bank, N.V.*, SEC Staff No-Action Letter (Jul. 7, 1997); *Murray Johnstone Holdings Limited*, SEC Staff No-Action Letter (Oct. 7, 1994); *Kleinwort Benson Investment Management Limited*, SEC Staff No-Action Letter (Dec. 15, 1993); *Mercury Asset Management plc*, SEC Staff No-Action Letter (Apr. 16, 1993).

their investments into the Portfolio Companies or their own unique tax, legal, finance, or currency hedging profiles and positions. Further, certain investments may be structured in a way that is most beneficial to OAC or its related persons, taking into account financing, tax, regulatory or other factors. It is advised that Co-Investors receive their own independent advice on these matters. This approach is specifically contemplated in the applicable Program Documents.

OAC has a wholly-owned subsidiary, OMERS Investment Management Inc. (“OIM”), that enters into derivative contracts with certain institutional investors of the type permitted by Canadian law (but outside of the United States) on which the return is based in whole or in part on the performance of all or part of the OMERS primary pension plan, a portion of which is advised by the Registrant in its role as sub-adviser to Infrastructure Canada. OIM has obtained securities registrations in Ontario, Alberta, British Columbia, Manitoba, Quebec, Newfoundland and Labrador, in each case as an exempt market dealer.

Please refer to Items 4, 5, 11, 12, 14 and 17 for additional information with respect to related conflicts of interest involving related persons.

### **Investments Alongside OMERS Companies**

None of the Program Documents prevent or limit the ability of the Registrant and its related persons to enter into any joint venture, partnership or other similar arrangements that do not fall within the Investment Criteria with any Co-Investor, its investors or any third parties. In addition, clients of the Registrant may invest alongside other OAC related persons in specific non-Co-Investment Program investment opportunities.

Please refer to Items 4, 5, 11, 12, 14 and 17 for additional information with respect to related conflicts of interest.

### **Advice in Tandem with Infrastructure Canada**

Advice given to Co-Investors by the Registrant in respect of a particular Co-Investment Program is generally the same as the advice given to Co-Investors by Infrastructure Canada, and the advice by both entities is generally provided to their respective clients concurrently.

### **Other Advisers**

The Registrant does not recommend or select other investment advisers for its clients.

#### *Other Related Conflicts:*

Related and unrelated third-party service providers (such as law firms) and counterparties that provide services to, or engage in transactions with, the Registrant or its related persons also provide services to, or engage in transactions with, OAC and Co-Investors. The Registrant may have a conflict of interest in selecting these related and unrelated service providers and counterparties on behalf of its clients because the Registrant may favor service providers and counterparties that provide services to the Registrant for attractive fees or other terms of service. See Items 4, 5, 11, 12, 14 and 17 for additional information with respect to related conflicts of interests.

### **Third Party Co-Investments**

Pursuant to the Program Documents, the Registrant and its affiliates have the ability to offer third parties the right to co-invest alongside the Co-Investment Program where they believe doing so would be beneficial to the Co-Investors on such terms as the applicable Co-Investment Committee may have preapproved or may subsequently approve.

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

### **Code of Ethics**

The Registrant is subject to the OMERS Code of Conduct & Ethics and OMERS Personal Trading Policy (collectively, the “Code”), which set out standards for ethical conduct in the operation of its business. These standards include avoidance of conflicts of interest, protection of confidential information, reporting of violations, trading with material non-public information, restrictions on personal trading in securities and the reporting of certain gifts and business entertainment items. All employees and associated persons of the Registrant must acknowledge the terms of the Code upon commencement of employment and annually thereafter. The Registrant has also adopted additional measures pursuant to SEC Rule 204A-1 under the U.S. Investment Advisers Act of 1940 (the “Advisers Act”), which are described in the OMERS Personal Trading Policy. Generally, all employees and associated persons of the Registrant must obtain pre-clearance of transactions in their personal investment accounts as well as investment accounts held by relatives that are members of their household. In addition, employees and associated persons must report all holdings at least annually, and transactions at least quarterly, in these accounts to the OMERS compliance department. Copies of these policy documents are available to any client or prospective client by submitting a written request to the compliance team at [OPMCompliance@omers.com](mailto:OPMCompliance@omers.com).

### **Participating or Interest in Client Transactions and Potential Conflicts of Interest**

The Registrant and its related persons include various investment entities, which may have overlapping investment objectives, now or in the future. By virtue of OAC or one of its related persons being a Co-Investor, OAC will indirectly be invested in the same investments as the other Co-Investors.

OAC may have made other infrastructure investments that did not meet the Investment Criteria prior to the creation of the Co-Investment Programs. The conduct of OAC, the Registrant and their related persons with respect to the Co-Investment Program investments is subject to the Program Documents; however, it is possible that their respective interests may conflict with other Co-Investors, notwithstanding their participation in the Co-Investment Program. For example, certain investments may be structured in a way that is most beneficial to OAC or its related persons, taking into account financing, tax, regulatory or other factors, or OAC and the Registrant may, for financial reasons, determine that it is in their best interests that the Registrant recommends that participating Co-Investors sell a Co-Investment Program investment without regard to the interests of such Co-Investors. Typically, Co-Investors have the ability to compel the Registrant to include the Co-Investors’ interests in a sale of a Co-Investment Program investment by OAC or its related persons but the Registrant will not have the ability to compel Co-Investors to include their interests in an investment in a sale by OAC or its related persons of that investment.

The Registrant can engage in principal cross transactions when it believes that such transactions would be advantageous or otherwise beneficial to the Co-Investors. For example, the timing requirements of a particular transaction or regulatory issues may, subject to compliance with the Program Documents, cause OSI or another OAC related person to first make an investment and then, at a later time, such investment is sold to the Co-Investors who want to participate in the investment at a price agreed to between the parties. In the event the Registrant engages in principal cross transactions, as required by the anti-fraud provisions of the Advisers Act and in accordance with the Registrant’s internal compliance policies and procedures, the Registrant (unless expressly permitted or contemplated by OAC’s internal policies or the Program Documents, as permitted by applicable law) will not without obtaining the consent of the relevant Co-Investor prior to the settlement of such transaction: (i) as principal, sell a security to, or buy a security from, any Co-Investor; or (ii) cause the Co-Investor to participate in cross transactions in which the Registrant arranges for a Co-Investor to buy a security from, or sell a security to, another Co-Investor. In particular, the Registrant will not engage in such transactions without providing appropriate disclosure and obtaining the prior informed consent from the Co-Investor, as applicable.

### *General Investment Activities and Trading*

As one of the largest institutional investors in Canada, OAC manages a diversified global portfolio of stocks and bonds as well as real estate, infrastructure and private equity investments. It is also an active participant in global fixed income, currency, commodity, equities and other markets. With a direct drive active management strategy, in the ordinary course of business, interests of OAC and its related persons may conflict with interests of Co-Investors, notwithstanding OAC or its related persons’ participation in the Co-Investment Programs (*i.e.*, OAC’s participation in the Co-Investment Program will not affect OAC trading activities in the ordinary course). Thus, OAC may invest, trade or make a market in the equity, debt or other interests of Co-Investment Programs’ investments without regard to its impact on Co-Investors.



OAC, as a participant in each Co-Investment Program, may agree that it and its related persons will pursue through a Co-Investment Program all investments meeting the Investment Criteria in the respective Program Documents, subject to exceptions outlined in the Program Documents. However, OAC and its related persons comprise various investment entities, which may, now or in the future, have overlapping investment objectives and present the potential for conflicts of interest with Co-Investors. Examples may be OMERS Private Equity participating in a restructuring of an existing portfolio company, which involves large-scale infrastructure assets, or OMERS Capital Markets owning an interest in an entity that is an infrastructure company. Similarly, OSI or its related persons may make strategic investments in enterprises with core businesses or operations that are not primarily infrastructure-related, but may hold such assets incidental to their core business or operations, in furtherance of their mandate to pursue investments in strategic access platforms, to provide OAC investment entities with access to global investment opportunities and services.

The Registrant is a related person of Rosewater, a corporation that acts as the administrator of the GSIA. Rosewater receives fees from all GSIA Co-Investors, including OSI, in respect of their participation in the GSIA. See Item 5 for additional information.

With respect to personal trading, the Registrant is subject to the OMERS Personal Trading Policy which, as discussed more fully above in this Item 11, is designed to, among other things, address the conflicts of interest that could arise in connection with personal trading.

#### *Material, Non-Public Information; Confidential Information*

From time to time, the ability of the Registrant to recommend the purchase or sale of certain securities to Co-Investors may be restricted by applicable securities laws or regulatory requirements applicable to OAC or its related persons (and/or their respective internal policies designed to comply with these and similar requirements). OAC, OSI, Rosewater, the Registrant and/or their related persons may, from time to time, possess material non-public information about an investment that would limit the ability of the Registrant to recommend the purchase or sale of certain securities to Co-Investors related to that investment. Such knowledge may adversely affect a Co-Investor's ability to make and/or sell certain investments.

In addition, the Registrant or its related persons may enter into contractual arrangements with third parties in connection with the evaluation of investment opportunities or otherwise, which may impose upon them obligations with respect to confidential information received from these third parties. In such circumstances, the Registrant and/or its related persons may be contractually bound to hold such information (including the fact that it is in discussions with such parties) in the strictest confidence and to use such information for limited purposes only, even if the failure to disclose such information to a Co-Investor may be contrary to such Co-Investor's interests, or the interests of its investors.

The Registrant may provide portfolio holdings information to entities that have been retained by the Registrant, OAC, Co-Investors and potential Co-Investors to evaluate portfolio risk. This information is provided in the sole discretion of the Registrant or its related persons. The Registrant makes reasonable efforts to preserve the confidentiality of the information provided, such as entering into non-disclosure agreements, but the Registrant cannot ensure that the entities it provides information to will fulfill their confidentiality obligations.

In the course of conducting due diligence, OAC, Co-Investors and potential co-investors may periodically request information pertaining to potential investments. The Registrant may respond to these requests, and the information conveyed may not necessarily be provided to all other Co-Investors. When this information is provided, the Registrant does so without an obligation to update any such information provided.

#### *Infrastructure Investment Opportunities*

Pursuant to the applicable Program Documents, during investment period of such Co-Investment Program and subject to certain exceptions, OAC and its related persons cannot make an investment in the equity or equity-like instruments of an asset that meets the Investment Criteria unless it has first been presented to the Co-Investment Program for consideration as a Co-Investment Program investment.

In the course of its business, the Registrant or its related persons may create special purpose vehicles to facilitate investments in specific underlying infrastructure assets on behalf of OAC and, if applicable, the Co-Investors. Each Co-Investor would have the opportunity to participate in each transaction in proportion to their Potential Investment Amount, subject to limited exceptions. Full disclosure of all exceptions (e.g., compliance with obligations under the Program Documents) and material conflicts of interest are provided to Co-Investors in the Program Documents, which Co-Investors execute upon joining a Co-Investment Program, or in the information provided to Co-Investors in connection with their decision whether to opt-in to the investment.

The Registrant is also subject to, and bound by, OAC policies and protocols with respect to, among other things, its conduct, organization, management, investment and certain other activities. As a result of such policies and protocols, OAC may not be able to participate in an investment opportunity (e.g., for prudent diversification and/or regulatory reasons where OAC is already a major investor in certain industries and regions) and the Registrant would not, therefore, pursue the opportunity. This is because the Program Documents require or will require that OAC, through its related person(s), must participate in the opportunity in order for it to proceed as a Co-Investment investment. This may conflict with the interests of other Co-Investors and/or restrict which potential investment opportunities the Registrant brings forward to the Co-Investors. In such circumstances, pursuant to the Program Documents, neither the Co-Investors nor OAC or its related persons would be permitted to pursue such opportunity.

The Co-Investors may acquire assets that have been developed and/or referred by the Registrant and its related persons, in particular where appropriate to seed a planned infrastructure portfolio. All acquisitions will require approval of the Co-Investors in the applicable Co-Investment Program; however, the interests of the Registrant and OAC in such circumstances may inherently conflict with those of other Co-Investors.

#### *Investments Alongside OMERS Companies*

As discussed above in Item 10, clients of the Registrant may invest alongside other related persons of the Registrant in specific investment opportunities outside the GSIA and OIP. Such relationship may influence the decisions made by Co-Investors with respect to such investments. In these circumstances, it is possible that there could be a potential conflict of interest between clients, and the Registrant's related persons with respect to a number of areas, such as the allocation of control rights, strategic direction or timing of the investment or assets under consideration. Such conflicts may arise from various factors, including investments in different levels of capital structure, different risk profiles or any number of other circumstances.

#### *Other Activities and Policies of the Registrant*

Decisions with respect to the identification and management of investments will be made by directors, officers, employees and associated persons of the Registrant pursuant to the management services agreement between Infrastructure Canada (or an affiliate) and the Registrant entered into in support of the management services agreement between OAC and Infrastructure Canada, and the Program Documents. These individuals will devote that portion of their time as necessary for the proper performance of their duties under such agreement; however, as the Registrant is a subsidiary of Infrastructure Canada, which is the infrastructure investment arm of OAC, other investment activities of OAC are likely to require those individuals to devote substantial amounts of their time to matters unrelated to the business of the Co-Investment Programs, including OAC's existing or future portfolio of investments, which may result in conflicts in the allocation of management resources. No Co-Investor will have any interest in these other activities.

In certain instances, officers, employees and associated persons of the Registrant or its related persons serve as directors and may serve as officers of certain investments. In their capacities as directors and officers of such entities, these individuals may be required to make decisions that consider the best interests of the investments and their respective stakeholders. In certain circumstances, for example in situations involving bankruptcy or near-insolvency of an investment, actions that may be in the best interests of the investment may not be in the best interests of Co-Investors or vice versa. Similarly, because certain directors and officers of such investments may be employed by the Registrant or its related persons, such directors and officers may choose the Registrant's or OAC's interest over those of other clients.

### *Fees for Other Services*

As indicated in Items 4 and 5, the Registrant and/or its related persons may be retained to perform services for the Co-Investment Program and/or its investments that would otherwise be provided by third parties, such as consulting, or operational, financial and advisory services. In these circumstances, such parties performing services will be compensated on arm's-length terms, unless provided for in the Program Documents; however, the potential for such fees could be an incentive for the Registrant to recommend an investment to the Co-Investors.

### *Relationships with Others*

As one of the largest institutional investors in Canada, and with investments in a wide range of companies and assets around the world, OAC and its related persons have developed, and continue to develop, relationships with co-investors, institutional investors, pension plans, investment funds, financial institutions, governments, professional advisors and other business partners (including Co-Investors or their investors). These current and future relationships may result in conflicts of interest in certain circumstances where the interests of other clients, or any of their investors, are not aligned with the interests of the Registrant or its related persons or of other parties with whom the Registrant or its related persons have or may develop a relationship.

It is possible that the Registrant and its related persons could benefit from volume-related discounts from third party service providers as a result of engagements relating to a Co-Investment Programs' investments. The receipt of volume-related discounts may cause a conflict between the Registrant and its related persons in choosing third party service providers and the interests of the clients. To address this potential conflict, the Registrant has implemented policies and procedures that require it to take into account factors in connection with the selection of service providers such that any service provider selected provides services of a quality and for a price that is no less favorable to the clients than would be the case with a service provider in the absence of a third-party discount.

### **Resolution of Conflicts**

The Registrant attempts to resolve conflicts in a manner that it deems fair and equitable under the prevailing circumstances. The Registrant is required by the Program Documents to disclose all known material conflicts of interest on a timely basis to the extent not identified in or expressly permitted by the Program Documents. Subject to the foregoing, any conflicts of interest that may arise between the Registrant and its related persons, on the one hand, and a Co-Investors, on the other hand, will be discussed and resolved on a case-by-case basis by the relevant parties, including by reference to the applicable protocols and procedures set forth in the Program Documents. Any such discussions may take into consideration the interests of the relevant parties and the circumstances giving rise to the conflict.

### *Other Related Conflicts and Practices*

Investment bankers, service providers and other third parties with whom the Registrant does business occasionally provide gifts and entertainment to its principals, employees and associated persons. The Registrant may enter into business transactions and relationships on behalf of its clients with the donors of such gifts and entertainment. Such gifts and entertainment may create a conflict of interest in the selection and retention of these donors as service providers. To address this conflict, the Registrant has adopted policies and procedures to monitor gifts and entertainment given and received by its principals and employees. The Registrant also has policies and procedures in place to help to monitor, and limit, the political contributions that its principals, employees and associated persons make to U.S. public officials and candidates for elected office in accordance with the requirements of Rule 206(4)-5 under the Advisers Act.

## **Item 12 – Brokerage Practices**

### **Selection of Broker-Dealers**

Based on the nature of the investment strategies the Registrant employs for its clients, the Registrant generally does not make use of securities broker-dealers in the traditional sense for buying and selling portfolio investments on behalf of clients; rather, investments are generally made through privately negotiated arrangements. For such arrangements

and other client transactions, the Registrant has the authority to select buy-side and sell-side broker-dealers, investment bankers and similar intermediaries (collectively, “**Broker-Dealers**”). The Registrant may engage Broker-Dealers that assist in: (i) identifying and introducing prospective Operating Companies to the Registrant for acquisition, merger or capital investment opportunities; (ii) divestments of interests in Operating Companies; or (iii) other transactions as determined by the Registrant. When selecting Broker-Dealers, the Registrant will seek “best execution” on an overall basis—*i.e.*, completing client transactions at the most favorable net price considering all relevant circumstances. In connection with its determination of whether best execution has been obtained and the reasonableness of the Broker-Dealer’s compensation, the Registrant will consider the full range of services available from and the characteristics of each Broker-Dealer. Such services and characteristics may include, but are not limited to the following:

- execution capabilities;
- responsiveness;
- industry experience;
- reputation and integrity;
- overall reliability;
- willingness and ability to commit capital; and
- value of “brokerage” or “research.”

Transactions involving Broker-Dealers will generate higher costs which are borne by the relevant client, and not the Registrant.

When retaining Broker-Dealers for portfolio transactions, the Registrant is not required to (i) obtain the lowest brokerage commission rates or (ii) combine or arrange transactions to obtain the lowest brokerage commission rates. The Registrant is also not required to solicit competitive bids. Thus, clients may pay commissions to such Broker-Dealer in an amount greater than the amount another Broker-Dealer might charge for similar services.

### **Research and Other Soft Dollar Benefits**

Various Broker-Dealers may provide the Registrant or its related persons certain research and services at no charge as an incident of doing business with such Broker-Dealers, but only where (i) there is no arrangement to direct a specific amount of the Registrant’s business to such Broker-Dealers in exchange for such items and (ii) the Registrant does not “pay up” for such items in the form of higher fees or commissions on clients’ transactions. Such research may include, but is not limited to, proprietary and third-party research, which may be written, oral or on-line. Services may include, but are not limited to: research services (which may be in written or oral form or on-line) concerning market, economic and financial data; statistical information; financial publications; performance measurement data and services; analyses concerning prospective Operating Companies, other companies or sectors; market, economic and financial studies and forecasts; online pricing and financial information; valuations and related information; and other services to the extent related in any way to any of the foregoing.

The provision by a Broker-Dealer of research and other products or services to the Registrant creates a potential conflict of interest because there may be an incentive for the Registrant or its related persons to select such Broker-Dealer since the Registrant and its related persons would not have to produce or pay for such research products and other services as opposed to selecting a Broker-Dealer based solely on receiving the most favorable execution for the clients. Any research or services provided by a Broker-Dealer may benefit any client (regardless of which client was associated with such research or services) and such benefits may not be proportionate to commission dollars related to the provision of such research, services or property.

### **Brokerage for Client Referrals**

The Registrant does not consider whether it has received a client referral from Broker-Dealers in selecting or recommending Broker-Dealers to its clients.

### **Directed Brokerage**

The Registrant does not enter into directed brokerage arrangements.

### **Allocations of Investment Opportunities**

Investment opportunities that OAC decides to pursue and that meet the Investment Criteria during the Investment Period of such Co-Investment Program are presented to Co-Investors in the applicable Program, subject to any exceptions outlined in the Program Documents. Co-Investors then have the opportunity to participate in such transaction in proportion to its Potential Investment Amount, subject to limited exceptions. See “Infrastructure Investment Opportunities” in Item 11 for additional information.

### **Transaction Aggregation and Allocation**

To the extent that there is more than one Co-Investor participating in an investment, such investment becomes a Co-Investment Program investment and as such involves the aggregation of funds from Co-Investors that choose to participate in the investment.

## **Item 13 – Review of Accounts**

The Registrant is an active manager of infrastructure investments, which it has identified, pursued and managed on behalf of its clients. As an active manager, the Registrant regularly reviews the performance of each Portfolio Company and Operating Company. Monitoring of the Portfolio Companies and Operating Companies is accomplished through the Registrant’s positions on the board of directors of both the Portfolio Companies and Operating Companies and the shareholder rights of OAC and its related persons. The Registrant has frequent communications with the management of the Operating Companies, attends board meetings where it receives information on the status of the Operating Companies, and reviews monthly or quarterly financial reports on the Operating Companies.

With respect to reporting to clients on the Co-Investment Program investments, every investment has, or is expected to have, a specific asset services agreement based on a framework agreement forming a part of the Program Documents that is tailored for each investment (*e.g.*, the specific reports that will be provided to participating Co-Investors). Although the types of reports provided may vary for each investment, the Registrant will typically provide to participating Co-Investors, to the extent it is made available to the Registrant, the prescribed information set out in the framework asset services agreement and, if applicable, other Program Documents. Typically, this information will include written annual audited financial statements of the Portfolio Companies, an asset management report (which describes, among other things, the status of the investment, key performance indicators, highlights for the period, and material outcomes of board and shareholder meetings), a valuation report (which describes, among other things, the valuation of the investments, the methodology used, and changes from the previous year), and a review report prepared by an internationally recognized accounting firm commenting on the valuation report. In addition, written quarterly financial information and quarterly asset management reports are typically provided and, on a monthly basis (to the extent such information is made available to the Registrant), information regarding projected cash requirements and/or distributions.

With respect to reporting to OAC on non-Co-Investment investments, the Registrant prepares and delivers (in accordance with mutually acceptable time frames) written and unwritten monthly, quarterly, annually and other suitable reports to properly update OAC on matters pertaining to its investments including financial information and year-end valuations, in each case (as applicable) prepared in accordance with Canadian accounting standards for Canadian pension plans.

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

The Registrant does not receive any economic benefit from anyone who is not a client in relation to the provision of investment advisory services to its clients. As indicated in Item 11, it is possible that the Registrant and its related persons could benefit from volume-related discounts from third party service providers as a result of engagements relating to Co-Investment Program investments. The receipt of volume-related discounts may cause a conflict between the Registrant and its related persons in choosing third party service providers and the interests of the clients. To address this potential conflict, the Registrant has implemented policies and procedures that require it to take into account factors in connection with the selection of service providers such that any service provider selected provides services of a quality and for a price that is no less favorable to the clients than would be the case with a service provider in the absence of a third-party discount.

## **Item 15 – Custody**

To the extent required by the Advisers Act, client funds are held by qualified custodians. As described in Item 13, the Portfolio Companies are subject to an annual audit performed by an independent public accounting firm. Annual audited financial statements and quarterly unaudited financial statements of the Portfolio Companies along with other reports, as described in Item 13, are typically distributed to participating Co-Investors. Co-Investors are urged to carefully review such statements and reports.

## **Item 16 – Investment Discretion**

The Registrant provides non-discretionary advice to the Co-Investors with respect to potential Co-Investment Program investment opportunities and does not have discretionary authority to enter into investment transactions on behalf of Co-Investors. However, typically, after the investment has been made, the Registrant does have discretionary authority with respect to the asset management services (described in Item 4 above) based on the terms set forth in the Program Documents and the specific asset services agreement applicable to the investment. The Registrant typically assumes its authority to provide services through the Program Documents. The terms restrict the Registrant's services to investments in certain securities or geographic regions or types of securities.

The Registrant does not have investment discretion with respect to assets of the OMERS primary pension plan administered by OAC. The Registrant identifies and recommends investments that are consistent with OAC policies and performs certain services and undertakings with respect to such investments. The Registrant's duties are subject to OAC's objectives and guidelines, the restrictions and limitations on the delegations of authority set forth in various policies and procedures of OAC and the management services agreement between Infrastructure Canada and the Registrant entered into in support of the management services agreement between OAC and Infrastructure Canada. The Registrant assumes its authority to provide services to OAC with respect to OAC's administration of the OMERS primary pension plan through such management services agreement and policies.

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

With respect to infrastructure investments, clients invest exclusively in privately held securities or in publicly-held securities for purposes of converting an entity to a private company. However, the Registrant has adopted proxy voting policies and procedures designed to ensure that proxies are voted in the best interests of its clients such that where it has been delegated proxy voting authority, the Registrant will generally follow OAC's proxy voting guidelines.

From time to time, conflicts may arise between the interests of the clients, on the one hand, and the interests of the Registrant or its related persons, on the other hand. If the Registrant determines that it has, or may be perceived to have, a conflict of interest when voting a proxy, the Registrant will address matters involving such conflicts of interest on a case-by-case basis in a manner that it deems fair and equitable under the prevailing circumstances, which may include permitting Institutional Shareholder Services (the Registrant's proxy voting service) to vote in accordance with the company's general shareholder recommendations for the vote.

Clients may obtain free of charge a complete copy of the Registrant's Proxy Voting Policy and Procedures or, to the extent a proxy was voted by the Registrant for the clients, information on how the Registrant voted proxies for the clients, by submitting a written request to the Registrant's compliance team at [OPMCompliance@omers.com](mailto:OPMCompliance@omers.com).

### **Item 18 – Financial Information**

The Registrant is not required to include a balance sheet for its most recent fiscal year, is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to its clients, and has not been the subject of a bankruptcy petition at any time during the past ten years.