

# ROCKLAND CAPITAL

## Form ADV Part 2A – Firm Brochure Item 1 – Cover Page

April 1, 2013

Rockland Capital, LLC  
24 Waterway Avenue, Suite 800  
The Woodlands, TX 77380  
Phone: 281.863.9000  
Fax: 281.298.8733  
[www.rocklandcapital.com](http://www.rocklandcapital.com)

This Brochure provides information about the qualifications and business practices of Rockland Capital, LLC (the “Company” or “Rockland”). If you have any questions about the contents of this Brochure, please contact Terry Everett at (281) 863-9014 and/or [terry.everett@rocklandcapital.com](mailto:terry.everett@rocklandcapital.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.

Rockland is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications presented to you by an investment adviser provide you with information which you may use to determine to hire or retain the adviser or invest in its managed funds.

Additional information about Rockland is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) (click on the link “Investment Adviser Search” and then select “Investment Adviser Firm” and type in our Company’s name “Rockland Capital, LLC”).

**THIS BROCHURE IS NOT AN OFFER TO SUBSCRIBE FOR OR PURCHASE ANY SECURITIES.**

## **Item 2 – Material Changes**

On July 28, 2010, the SEC published “Amendments to Form ADV” which amended the disclosure documents that firms such as Rockland provide to clients. This Brochure dated April 1, 2013 contains the following material changes indicated below.

Since the filing of Rockland’s initial Brochure dated February 14, 2012, the only Material Changes contained in this Brochure relate to (i) the ownership of the Company, and (ii) the addition of Other Financial Industry Activities and Affiliations, as discussed in Items 4 and 10 respectively.

### **Item 3 – Table of Contents**

Item 1 – Cover Page .....	i
Item 2 – Material Changes .....	ii
Item 3 – Table of Contents .....	iii
Item 4 – Advisory Business .....	1
Item 5 – Fees and Compensation .....	1
Item 6 – Performance-Based Fees and Side-By-Side Management .....	5
Item 7 – Types of Clients .....	6
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss .....	6
Item 9 – Disciplinary Information .....	19
Item 10 – Other Financial Industry Activities and Affiliations .....	19
Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....	20
Item 12 – Brokerage Practices .....	22
Item 13 – Review of Accounts .....	23
Item 14 – Client Referrals and Other Compensation .....	24
Item 15 – Custody .....	24
Item 16 – Investment Discretion .....	24
Item 17 – Voting Client Securities .....	25
Item 18 – Financial Information .....	26
Item 19 – Requirements for State-Registered Advisers .....	26

#### **Item 4 – Advisory Business**

Rockland Capital, LLC, a Delaware limited liability company formed in 2008, is registered with the SEC as an investment adviser. Rockland's owners are Joseph Lambert, Michael Del Giudice, Shane R. Litts, James Maiz, Willie Zapalac, W. Scott Harlan, Warren Rubin, Bernice Wollman and Weichert Enterprise II, LLC.

Rockland Capital Energy Investments, LLC ("RCEI"), a Delaware limited liability company formed in 2003, was the predecessor entity through which Rockland and its related persons originally provided advisory services to Advisory Clients. RCEI is not registered with the SEC as an investment adviser as RCEI is no longer providing investment advisory services.

Rockland provides investment advisory services to investment vehicles, including Rockland Power Partners, LP, (each an "Advisory Client"), whose investments are primarily focused on equity and equity-related investments in the North American electric power generation markets with a particular emphasis on controlling positions. Rockland Power Partners, LP is not accepting new Investors.

Advisory Clients refers to any account for which Rockland provides investment advice and/or places trades on a discretionary or non-discretionary basis. The investors and other persons who invest in Rockland's Advisory Clients are referred to herein as "Investors". Unless otherwise expressly stated herein, the term Advisory Client does not include Investors.

Rockland's experienced team of investment professionals (collectively the "Principals" or the "Investment Team") have a long history of working together investing in the electric power generation markets dating back to the mid-1990s. Rockland specializes in investments in these markets and only provides investment advice to investment vehicles that invest in such markets.

In providing its services to Advisory Clients, Rockland and its related persons direct and manage the investment and reinvestment of each Advisory Client's assets, and provide reports to Investors. Rockland manages the assets of each Advisory Client in accordance with the terms of its applicable governing documents (or investment management agreement, as applicable).

Rockland does not provide portfolio management services to any wrap fee programs.

As of December 31, 2012 Rockland managed approximately \$438 million of assets in respect of which Rockland has full investment discretion (subject to the Advisory Client's established investment guidelines).

#### **Item 5 – Fees and Compensation**

The Company and/or its affiliated general partners, member managers, or other affiliates generally receive management fees and/or carried interest or similar profit allocations from Advisory Clients for services provided. Advisory Clients may also indirectly incur or generate other fees payable to the company and its affiliates, depending on the nature of their portfolio activities. The Company or its affiliates may, for example, earn fees and other compensation from prospective and actual portfolio companies, purchasers, sellers and other parties as

compensation for services (collectively, “Transaction Fees”). These Transaction Fees can include project, structuring, topping, break-up, directors’, organizational, set-up, closing, commitment, advisory, consulting, underwriting, and syndication fees in connection with the purchase, monitoring, or disposition of underlying investments or from unconsummated transactions. The specific legal and/or organizational documents of the relevant Advisory Client or the investment management agreement between the Company (or an affiliate) and such Advisory Client set forth the fee structure relevant to the Investors in such Advisory Client. To the extent provided for in such organizational documents or investment management agreement, the Company’s management fees from Advisory Clients in many cases are reduced by a specified portion of the Transaction Fees that are borne by such Advisory Client.

Advisory Clients may also bear certain out-of-pocket expenses incurred by the Company and/or its affiliates in connection with services provided to such Advisory Clients. The following sections discuss the most common fees and expenses in more detail.

### **Common Types of Fees**

#### **Management Fees**

For Advisory Clients that are pooled investment funds, the annual management fee is typically 2.0 percent of Investors’ committed capital during the relevant Advisory Client’s investment period, and afterward, the fee percentage is typically applied only to the capital remaining in investments that have not yet been exited. For services provided to certain pooled investment funds, the Advisory Client may pay a flat rate of management fee generally in the range of 2.0 percent to the Company or one of its affiliates.

Management fees are generally paid quarterly by or on behalf of an Advisory Client by (i) requiring Investors in such Advisory Client to make capital contributions in respect of such fees, or (ii) withholding the amount of such fees from investment proceeds that would otherwise be distributable to the Investors of such Advisory Client. In addition, Rockland may have the ability to cause such Advisory Client to borrow money for the payment of such fees.

Management fees are negotiable and, depending on the Advisory Client, may be payable in advance or arrears. If management fees are assessed in advance, they are generally required to be returned to the Investors in such Advisory Client should Rockland’s management services to the Advisory Client be terminated prior to the end of the period in respect of which the fees have been paid (including, for example, situations where the final distribution by an Advisory Client occurs prior to the end of a period for which management fees have already been paid). In general, the amount of such fees to be returned is calculated based on the number of days remaining in the applicable period.

#### **Performance-Based Arrangements<sup>1</sup>**

Distributions to Investors in most Advisory Clients are subject to some form of carried interest or similar profit allocation for the benefit of an affiliate of the Company. Generally, these profit

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<sup>1</sup> See also Item 6 – “Performance-Based Fees and Side-By-Side Management”

allocations represent a share of the distributions made by an Advisory Client in excess of the relevant Investors' invested capital, and allocable fees and expenses. Performance-based profit allocations may be applied each time an investment is realized or on an annual (or more frequent) basis with respect to certain Advisory Clients.

Performance fees or carried interest profit allocations are subject to regulation under Rule 205-3 under the Investment Advisers Act of 1940, as amended, (the "Advisers Act"). Therefore, the Company seeks to ensure that any Advisory Client or Investors in any Advisory Client that are directly or indirectly assessed performance fees or are subject to carried interest profit allocations satisfy the qualifications of Rule 205-3 under the Advisers Act and have been advised of such fees and allocations and their risks.

Performance fees or carried interest allocations are generally 20% of profits, and may be subject to certain preferred return hurdles. The manner of calculation and application of performance fees or carried interest profit allocations are disclosed in the offering documents or governing documents for each Advisory Client.

Management fees and carried interest or similar profit allocations payable may be subject to modification, waiver or reduction.

#### Other Fees

To the extent the Company is entitled to receive fees from portfolio companies of an Advisory Client, all or a portion of such fees paid to the Company typically reduces the management fees otherwise payable to the Company. The governing agreement or investment management agreement, as applicable of each Advisory Client sets forth the basis on which such fees reduce management fees. Such fees are described below.

Acquisition and/or disposition fees are one-time fees paid by Advisory Clients to the Company or one of its affiliates in connection with an investment or disposition by an Advisory Client. Such fees are generally paid by portfolio companies and are common to some but not all Advisory Clients.

The Company or its affiliates may receive a fee in connection with consulting, monitoring or other ongoing services provided to a portfolio company.

The Company may have a conflict of interest to the extent that it has an opportunity to earn a fee from an acquisition or disposition by an Advisory Client. However, the Company believes that the management fee offset provisions described above and the equity commitment by the Company and its affiliates in Advisory Clients substantially mitigates this potential conflict. Any fees paid to the Company by a portfolio company or an Advisory Client are required to be on an arm's length basis and on terms that are no less favorable to the Advisory Client or portfolio company than would be obtained in a transaction with an unaffiliated party.

## **Common Types of Expenses**

### **Brokerage Expenses<sup>2</sup>**

Expenses paid to third parties in connection with the acquisition or disposition of investments are borne by the Advisory Clients. These expenses may include brokerage commissions, account fees, custodial expenses, other bank service fees and other investment costs, fees and expenses incurred in connection with completed investments.

### **Organizational/Offering Expenses**

Typically, legal, accounting, filing and other expenses incurred in connection with organizing and establishing an Advisory Client are borne by the Investors in such Advisory Client. Often, these expenses are capped in the governing documents for the Advisory Client. With respect to certain Advisory Clients, such expenses, up to the amount of any applicable cap, are borne solely by the Investors in such Advisory Clients and any excess is borne by Rockland.

### **Broken Deal Expenses**

Investors in Advisory Clients generally are required to bear out-of-pocket costs and expenses incurred in connection with the deals that are not ultimately completed. Typically, these expenses include (i) legal, accounting, advisory, consulting or other third-party expenses in connection with making an investment that is not ultimately consummated and any related travel and accommodation expenses, although the Company and its affiliates may be required to bear travel and accommodation expenses incurred, (ii) all fees (including commitment fees), costs and expenses of lenders, investment banks and other financing sources in connection with arranging financing for a proposed investment that is not ultimately made and (iii) any deposits or down payments of cash or other property which are forfeited in connection with a proposed investment that is not ultimately made (in each case, to the extent such investment is not ultimately made by another Advisory Client).

### **Other Expenses**

There are additional general categories of expenses that may be borne by Advisory Clients, depending on their structure. The Investors in most Advisory Clients generally are required to pay all costs and expenses related to the operation of the vehicle. These costs and expenses can include fees, costs and expenses related to developing, negotiating, structuring, trading, settling, monitoring, holding and disposing of portfolio investments; fees and expenses of administrators, custodians, attorneys, accountants and other professionals (including the audit and certification fees and the costs of printing and distributing reports); any insurance, indemnity or litigation expense; interest on, and fees and expenses arising out of, borrowings made by the Advisory Client; the out-of-pocket and legal and other advisory expenses of an investor advisory committee; and certain taxes and any fees or other governmental charges levied against the Advisory Client.

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<sup>2</sup> See also Item 12 – “Brokerage Practices”

Neither Rockland nor any of its supervised persons accepts any compensation for the sale of securities or other investment products, including interests in the Advisory Clients.

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

As discussed in Item 5 above, the affiliates of the Company receive performance fees or carried interest profit allocations.

The Company currently acts as investment adviser to Advisory Clients, and related persons typically act as a general partner (or similar managing fiduciary) of such Advisory Clients. The relationship of the Company, the manner of calculation and application of management fees and carried interest profit allocations or other performance-based fees, as applicable, with respect to the Company, the affiliated general partner (or similar managing fiduciary) or other affiliates and known or reasonably anticipated conflicts of interest involving the Company or its affiliates, are disclosed in the offering documents of the applicable Advisory Client provided to potential Investors prior to their investment.

Each Advisory Client typically has a specified investment objective that is focused on a particular geography and investment strategy. Investment opportunities that satisfy the investment parameters of a particular Advisory Client typically will be allocated exclusively to that particular Advisory Client. Generally, co-investment vehicles are only allocated investment opportunities if there is excess capacity in a particular investment opportunity. In certain cases, however, an investment opportunity may be appropriate for more than one Advisory Client. As discussed in detail in Item 11, these investment opportunities are allocated in accordance with the Company's written policies and procedures, taking into account the applicable provisions of the Advisory Client's governing agreement.

In allocating investment opportunities, there could be incentives to favor Advisory Clients with higher potential performance fees or carried interest allocations over Advisory Clients with lower potential performance fees or carried interest allocations. As a control, Rockland has adopted a policy pursuant to which it seeks to allocate investment opportunities among Advisory Clients in a fair and equitable manner, bearing in mind, among other things, the size, investment objectives, risk tolerance, return targets, diversification considerations, permissible and preferred asset classes, and liquidity needs of each Advisory Client. Rockland's policies prohibit the allocation of investment opportunities based on anticipated compensation or profits to Rockland, any affiliates or its professionals. Each Advisory Client has its own investment guidelines, charter and organizational documents, and geographical and industry focus that must be taken into account when making investment allocation determinations. Final allocation decisions are under the purview of the Chief Compliance Officer, who is charged with allocating investment opportunities in compliance with Rockland's fair allocation policies.



## **Item 7 - Types of Clients**

Rockland provides investment advisory services to pooled investment vehicles. The Investors in these vehicles consist of institutional investors and high net worth individuals. Additionally, Rockland, its affiliates and equity owners typically invest in Rockland's Advisory Clients.

Interests in Rockland-sponsored investment vehicles are privately offered. The Company and its affiliates generally require that each third-party investor in an Advisory Client be an "accredited investor" as defined in Regulation D under the Securities Act of 1933, as amended (the "Securities Act"), and a "qualified purchaser" as defined in the Investment Company Act of 1940 (the "1940 Act"). Performance fees will only be charged to Advisory Clients whose Investors are "qualified clients" within the meaning set forth in Rule 205-3(d) under the Advisers Act.

Typically, a minimum investment amount of \$10 million is imposed on third parties investing in the investment vehicles for which the Company acts as investment adviser; however, this minimum may be subject to a reduction upon prior agreement by the Company or an affiliate subject to the applicable legal requirement). A minimum investment amount may also be established pursuant to the laws of the jurisdiction in which the investment vehicle was established.

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

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

Rockland uses a range of methods to identify, analyze and assess potential and existing investment opportunities. As a general matter, analytical methods used by the Investment Team can include gain/loss forecast models, cash-flow models, other financial modeling and simulation, risk sensitivity analyses, and fundamental, technical and cyclical analysis.

Rockland's Advisory Clients seek to make control investments, principally in the middle market segment of the North American electric power generation market. Investments transactions are focused on power assets, including power plants, power companies, and may also include pre-construction development projects or power-related technology investments and other assets. Rockland's investment strategy involves identifying undervalued or financially distressed assets, companies with excessive and/or inefficient leverage, or companies with inefficient long term contractual arrangements. Rockland seeks to generate above-market returns by acquiring such assets at attractive prices, enhancing and improving operations through contract restructuring, financial optimization, actively monitoring and managing operational and financial performance, analyzing and managing risk, and capitalizing on legislative and/or regulatory issues that contribute to changes in the relevant market.

In considering potential investment opportunities, a number of analytical methods are utilized in an effort to achieve a thorough and in-depth assessment of the potential investment. Typically, these analyses focus on the (i) reputation of owners and management; (ii) company size and sensitivity of cash flow generation; (iii) operational, marketing, legal, tax, labor, environmental

and accounting factors; (iv) business sector and competitive risks; (v) portfolio fit; (vi) exit alternatives; and (vii) other key factors highlighted by the Investment Team. Where appropriate, third-party consultants may be engaged to assess business and market conditions, competition, physical and environmental concerns and other factors deemed to be relevant to the evaluation of the investment.

### **Investment Risks**

An investment in any Advisory Client involves a high degree of risk, and is suitable only for those Investors who have the financial sophistication and expertise to evaluate the merits and risks of an investment in such Advisory Client and for which such Advisory Client does not represent a complete investment program. There can be no assurance that the investment objective of any Advisory Client will be achieved, that any Advisory Client will otherwise be able to successfully carry out its investment program, or that an Investor will receive a return of its capital contributed to any Advisory Client. The discussion below enumerates certain risk factors that apply generally to an investment in any Advisory Client. Prior to making any investment in an Advisory Client, Investors should carefully review the applicable offering documents for a more complete description of the risk factors and conflicts of interest relating to such Advisory Client.

### **No Assurance of Investment Return**

There can be no assurance that any Advisory Client will be able to generate returns for its Investors or that the returns will be commensurate with the risks of investing in the type of investments in which such Advisory Client participates. Accordingly, an investment in an Advisory Client should only be considered by persons who can afford a loss of their entire investment. There can be no assurance that projected or targeted returns for any Advisory Client will be achieved.

### **Role of Rockland and its Professionals**

The success of each Advisory Client will depend in part upon the skill and expertise of Rockland's investment professionals and, where applicable, the management of portfolio companies or other investments. There can be no assurance that such professionals will continue to be associated with Rockland throughout the life of any Advisory Client and a loss of the services of key personnel could impair Rockland's ability to provide services to an Advisory Client. In addition, members of the Investment Team of a particular Advisory Client will work on other projects for Rockland.

### **Reliance on the General Partner (or Similar Managing Fiduciary) and Investment Adviser of the Advisory Client**

The general partner (or similar managing fiduciary) and investment adviser of an Advisory Client will have exclusive responsibility for an Advisory Client's activities, and, other than as may be set forth in Advisory Client's governing documents, Investors will not be able to make investment or any other decisions concerning the management of an Advisory Client.

### Lack of Operating History

Each Rockland Advisory Client will initially be a newly-formed entity which has not commenced operations and therefore will have no operating history upon which an Investor may evaluate its performance. A prospective Investor should draw no conclusions from the prior experience of the Investment Team or the performance of any other Advisory Client and should not expect to achieve similar returns.

### Uncertainty in the U.S. and Global Financial Markets

The upheavals in the United States and global financial markets that began in 2008 illustrated the possibility of extraordinary and unprecedented uncertainty and instability in such markets. There can be no assurances that conditions in the global financial markets will not adversely affect one or more of an Advisory Client's portfolio companies or other investments, its access to capital or leverage or its overall performance.

### Market Conditions and Financial Market Fluctuations

A lack of liquidity in the capital markets may make it significantly more difficult for sponsors like Rockland to obtain favorable financing for investments, and the financing that is available may be on much less favorable terms than had been prevailing in the past. General fluctuations in the market prices of securities may affect the value of the investments held by an Advisory Client. Instability in the securities markets may also increase the risks inherent in an Advisory Client's investments.

### Highly Competitive Market for Investment Opportunities

The activity of identifying, completing and realizing attractive investments is highly competitive, and involves a high degree of uncertainty. There can be no assurance that an Advisory Client will be able to locate, consummate and exit investments that satisfy its rate of return objectives or realize upon their values or that it will be able to invest fully its committed capital.

### Illiquid and Long-Term Investments

Investment in an Advisory Client may require a long-term commitment with no certainty of return. Many of an Advisory Client's investments will be highly illiquid, and there can be no assurance that an Advisory Client will be able to realize on such investments in a timely manner. Although investments may occasionally generate some current income, the return of capital and the realization of gains, if any, from an investment generally will occur only upon the partial or complete disposition or refinancing of such investment.

### Investments Longer than Term

A Rockland Advisory Client may make investments which may not be advantageously disposed of prior to the date such Advisory Client will be dissolved, either by expiration of its term or

otherwise. In addition, there can be no assurances with respect to the time frame in which the winding up and the final distribution of proceeds to Investors will occur.

#### Risk of Limited Number of Investments

An Advisory Client may participate in a limited number of investments and, as a consequence, the aggregate return of such Advisory Client may be substantially adversely affected by the unfavorable performance of even a single investment. In addition, other than as set forth in the applicable Advisory Client's governing documents, Investors have no assurance as to the degree of diversification of an Advisory Client's investments, either by geographic region or transaction type.

#### Material, Non-Public Information

By reason of their responsibilities in connection with other activities of Rockland, certain employees of the general partner (or similar managing fiduciary) of an Advisory Client and its affiliates may acquire confidential or material, non-public information concerning an entity in which Advisory Clients have invested, or proposes to invest, and the possession of such information may limit the ability of Rockland to buy or sell securities of such entity on behalf of Advisory Clients, thereby limiting the investment opportunities or exit strategies available to the Advisory Clients. In addition, holdings in the securities of an issuer by Rockland or its affiliates may affect the ability of Advisory Clients to make certain acquisitions of or enter into certain transactions with such issuer.

#### Currency and Exchange Rate Risks

A portion of an Advisory Client's investments, and the income received by an Advisory Client with respect to such investments, may be denominated in foreign currencies. However, unless otherwise provided in an Advisory Client's governing documents, the books of an Advisory Client generally will be maintained, and capital contributions to and distributions from such Advisory Client generally will be made, in U.S. dollars. Accordingly, changes in currency exchange rates may adversely affect the dollar value of investments, interest and dividends received by an Advisory Client, gains and losses realized on the sale of investments and the amount of distributions, if any, to be made by an Advisory Client.

#### Hedging Policies/Risks

In connection with certain investments, an Advisory Client may employ hedging techniques designed to reduce the risk of adverse movements in interest rates, commodities prices, securities prices and currency exchange rates. While an Advisory Client may benefit from the use of these hedging mechanisms, unanticipated changes in interest rates, commodities prices, securities prices or currency exchange rates or the transactional fees associated with such mechanisms may result in a poorer overall performance for such Advisory Client than if it had not entered into such hedging transactions.

### Legal, Tax and Regulatory Risks

Legal, tax and regulatory changes could occur during the term of a Rockland Advisory Client that may adversely affect such Advisory Client. There is a material risk that regulatory agencies in the United States, or elsewhere may adopt burdensome laws (including tax laws) or regulations, or changes in law or regulation, or in the interpretation or enforcement thereof, which are specifically targeted at the private equity industry, energy, power and utilities industries, or other changes that could adversely affect private equity firms and the funds they sponsor, including an Advisory Client.

### Taxation in Other Jurisdictions

If an Advisory Client makes investments in a jurisdiction outside the United States, such Advisory Client or its investors (as applicable) may be subject to income or other tax in that jurisdiction. Additionally, withholding tax or branch tax may be imposed on earnings from investments in such jurisdictions. In addition, local tax incurred in non-United States jurisdictions by an Advisory Client or vehicles through which it invests may not be creditable to or deductible by Investors. Income or gains of an Advisory Client may be subject to withholding, income, net wealth or other tax in the jurisdictions where its investments are located.

### Absence of Regulatory Oversight

Notwithstanding that Rockland is registered as an investment adviser under the Advisers Act, and that the Rockland Advisory Clients may be considered similar in some ways to an investment company, the Rockland Advisory Clients are not required and do not intend to register as such under the 1940 Act and, accordingly, Investors are not afforded the protections of the 1940 Act.

### Reliance on Portfolio Company Management

Each portfolio company's day-to-day operations will be the responsibility of such company's management team. Although Rockland and the relevant general partner (or similar managing fiduciary) of the applicable Advisory Client will be responsible for monitoring the performance of each investment, there can be no assurance that the existing management team, or any successor, will be able to successfully operate a portfolio company in accordance with the applicable Advisory Client's plans.

### Risks in Effecting Operating Improvements

In some cases, the success of an Advisory Client's investment strategy will depend, in part, on the ability to restructure and effect improvements in the operations of a portfolio company. There can be no assurance that Rockland will be able to successfully identify and implement such restructuring programs and improvements.

## Investments in Highly Leveraged Companies; Use of Leverage

While investments in leveraged companies offer the opportunity for capital appreciation, such investments also involve a higher degree of risk. Investments may involve varying degrees of leverage, which could magnify the impact of circumstances such as unfavorable market or economic conditions, operating problems and other changes that affect the relevant portfolio company or its industry, resulting in a more pronounced effect of such circumstances on the profitability or prospects of such companies.

## Risk of Investments in Less Established Companies

An Advisory Client may invest a portion of its assets in less established companies. Investments in such early-stage companies may involve greater risks than are generally associated with investments in more established companies. Less established companies tend to have lower capitalizations and fewer resources, and therefore, are often more vulnerable to financial failure. Such companies also may have shorter operating histories on which to judge future performance and in many cases, if operating, will have negative cash flow.

## Below Investment-Grade Assets Involve Particular Risks

An Advisory Client may invest in non-investment grade loans or interests in non-investment grade loans and other debt securities, which are subject to liquidity, market value, credit, interest rate, reinvestment and certain other risks and generally will be subject to greater risks than investment grade corporate obligations and overall greater risk of timely payment of principal and interest.

## Lender Liability Considerations and Equitable Subordination

A number of judicial decisions have upheld judgments of borrowers against lending institutions on the basis of various evolving legal theories, collectively termed “lender liability.” Because of the nature of the assets in which an Advisory Client may invest, it may be subject to allegations of lender liability. In addition, under common law principles that in some cases form the basis for lender liability claims, if a lender or bondholder (a) intentionally takes an action that results in the undercapitalization of a borrower to the detriment of other creditors of such borrower, (b) engages in other inequitable conduct to the detriment of such other creditors, (c) engages in fraud with respect to, or makes misrepresentations to, such other creditors or (d) uses its influence as a stockholder to dominate or control a borrower to the detriment of other creditors of such borrower, a court may elect to subordinate the claim of the offending lender or bondholder to the claims of the disadvantaged creditor or creditors, a remedy called “equitable subordination.”

## Investing in Loans Involves Particular Risks

An Advisory Client may acquire interests in loans either directly (by way of assignment from the selling institution) or indirectly (by purchasing a participation interest from the selling institution or through the acquisition of synthetic securities). Holders of participation interests and synthetic

securities are subject to additional risks not applicable to a holder of a direct interest in a loan. Such risks might include risk that a counterparty other than the borrower is not creditworthy.

### Interest Rate Fluctuations

General interest rate fluctuations may have a substantial negative impact on an Advisory Client's investment and investment opportunities and accordingly may have a material adverse effect on an Advisory Client's investment objectives and the rate of return on invested capital. The securities in which an Advisory Client will invest have valuations which are based on numerous factors, including specific company characteristics. However, such securities are also susceptible to fluctuations in interest rates and, like treasury bonds, the prices of securities can increase when interest rates fall and decline when interest rates rise.

### Investing in Structured Finance Obligations Involves Particular Risks

An Advisory Client that invests in structured finance obligations may be subject to prepayment risk, credit risk, liquidity risk, market risk, structural risk, legal risk and interest rate risk (which may be exacerbated if the interest rate payable on a structured finance obligation changes based on multiples of changes in interest rates or inversely to changes in interest rates).

### Distressed Investments

An Advisory Client's investment program may include making distressed investments, including in companies that are experiencing financial or operational difficulties or are otherwise out-of-favor. Such investments may be premised on a turnaround strategy. If turnarounds are not achieved, these companies could experience failures or substantial declines in value, and the Advisory Client may not be able to divest itself of such unprofitable investments in a timely fashion or at all. Additionally, turnarounds may not be achieved within the contemplated investment horizons.

In certain circumstances the execution of a distressed investing strategy involves the ability to identify and exploit the relationships between movements in different securities and instruments within an issuer's or borrower's capital structure (*e.g.*, senior bank debt, second liens, debt securities and other obligations, convertible and non-convertible senior and subordinated debt, preferred equity and common stock). In the event that the perceived pricing inefficiencies underlying an issuer's securities or instruments were to fail to materialize as expected, an Advisory Client could incur a loss.

### Bankruptcy Risks

Bankruptcy proceedings are inherently litigious, time consuming, highly complex and driven extensively by facts and circumstances, which can result in challenges in predicting outcomes. The equitable power of bankruptcy judges also can result in uncertainty as to the ultimate resolution of claims. Security interests held by creditors are closely scrutinized and frequently challenged in bankruptcy proceedings and may be invalidated for a variety of reasons. Serving on an official or unofficial committee increases the possibility that an Advisory Client will be

deemed an “insider” or a “fiduciary” of the company it has so assisted and may restrict the Advisory Client’s trading of its investments in such company. Should such assistance be provided before a company enters bankruptcy proceedings, the Bankruptcy court, under certain conditions such as a finding of fraud or inequitable conduct, may invoke the doctrine of “equitable subordination” with respect to any claim or equity interest held by the Advisory Client in such company and subordinate any such claim or equity interest in whole or in part to other claims or equity interests in such company. If a security interest is invalidated, the secured creditor loses the value of the collateral and because loss of the secured status causes the claim to be treated as an unsecured claim, the holder of such claim will almost certainly experience a significant loss of its investment.

### Tax Risks

There may be significant tax risk associated with investing in certain Advisory Clients. Many of these tax risks are at the investment entity level and will be beyond the control of the Advisory Client. Therefore potential Investors are strongly urged to consult their own independent tax advisors with regard to the tax consequences involved in an investment with a Rockland-sponsored vehicle, with specific reference to the particulars of their individual tax situation, as well as to review carefully the offering and governing documents of the applicable Advisory Client.

### Energy Industry Risks

Investments in the energy industry are subject to certain special risks, including the volatility of commodity prices, regulatory risk, regulatory approvals, political and social changes, documentation and other legal risk, sovereign risk, change of law, renewable energy policy risk, uncertainty of estimates, land title risk, construction risk, environmental matters, catastrophe risk, terrorist activities, climate change risk and new technology risk.

### Real Estate Risks Generally

An Advisory Client that invests in real estate will be subject to the risks inherent in the ownership and operation of real estate and real estate-related businesses and assets. These risks include, but are not limited to, the burdens of ownership of real property, general and local economic conditions, the supply and demand for properties, energy and supply shortages, changes in availability of debt financing which may render the sale or refinancing of properties difficult or impracticable, changes in building, environmental and other laws and/or regulations, zoning laws, changes in real property tax rates, changes in interest rates which may render the sale or refinancing of properties difficult or impracticable, negative developments in the economy that depress communities, environmental liabilities, contingent liabilities on disposition of assets, uninsured or uninsurable casualties, acts of God, terrorist attacks and war and other factors which are beyond the control of the general partner or the investment adviser of such Advisory Client. There is no assurance that there will be a ready market for resale of investments because investments will generally not be liquid. Illiquidity may result from the absence of an established market for the investments, as well as legal or contractual restrictions on their resale by the Advisory Client.



### Operational Risks/Force Majeure

The operation and maintenance of infrastructure facilities involve various operational risks, including labor issues, failure of technology (*e.g.*, electronic tolling) to perform as anticipated, structural failures and accidents. Events outside the control of a portfolio company, such as demographic changes, economic growth, increasing fuel prices, government macroeconomic policies, toll rates, social stability, competition from un-tolled or other forms of transportation, or force majeure events, could significantly reduce the revenues generated or significantly increase the expense of constructing, operating, maintaining or restoring infrastructure facilities.

### Risks in Effecting Capital Improvements or Expansion

In connection with any expansion of a facility or acquisition of a facility in late-stage development, a portfolio company may also face construction risks typical for infrastructure businesses, including, without limitation, (i) labor disputes, shortages of material and skilled labor or work stoppages, (ii) slower than projected construction progress and the unavailability or late delivery of necessary equipment, (iii) less than optimal coordination with public utilities in the relocation of their facilities, (iv) adverse weather conditions and unexpected construction conditions, (v) accidents or the breakdown or failure of construction equipment or processes, and (vi) catastrophic events such as explosions, fires and terrorist activities and other similar events beyond an Advisory Client's control.

### Operating Pursuant to Complex Government Licenses, Leases, Concessions or Contracts; Regulatory Approvals

A portfolio company may be subject to substantial regulation by government agencies. In addition, a portfolio company's operations may rely on government licenses, concessions, leases or contracts that are generally very complex and may result in a dispute over interpretation or enforceability. Where a portfolio company holds a concession or lease from the government, the concession or lease may restrict the portfolio company's ability to operate the business in a way that maximizes cash flows and profitability. Moreover, additional regulatory approvals, including, without limitation, renewals, extensions, transfers, assignments, reissuances or similar actions, may become applicable in the future due to a change in laws and regulations, a change in the portfolio companies' customer(s) or for other reasons.

### Volatility of Coal, Oil and Natural Gas Prices

The performance of certain investments will be substantially dependent upon prevailing prices of coal, oil and natural gas. Historically, the markets for coal, oil and natural gas have been volatile, and such markets are likely to continue to be volatile in the future.

### Environmental Matters & Regulatory Approvals

The operations of the portfolio companies and the real property upon which they operate will be subject to various federal, state regional, provincial, local and foreign laws, regulations,

directives and policies relating to, among other things, hazardous substances, natural resources and protection of human health, safety and the environment. Portfolio companies require numerous regulatory approvals and permits to commence and continue their operations. The approvals and permits are subject to extensive scrutiny by governmental authorities and others prior to and during issuance, renewal, modification, amendment and periodic facility inspections which scrutiny can result in business interruption and the incurrence of substantial capital expenditures. In addition, many portfolio companies will be required to obtain emissions reduction credits or similar emission trading credits. Under the programs that create these credits, the costs of the credits can be significant and may fluctuate substantially over time. Moreover, these programs can result in limiting the operations of portfolio companies. A portfolio company could be materially and adversely affected as a result of statutory or regulatory changes or judicial or administrative interpretations of existing laws and regulations that impose more comprehensive or stringent requirements on such company. There can be no assurance that a portfolio company will be able (i) to obtain all required regulatory approvals that it does not yet have or that it may require in the future; (ii) to obtain any necessary modifications to existing regulatory approvals; or (iii) to maintain required regulatory approvals.

### **Other Risks**

In addition to the material risks discussed above, investors in a particular Advisory Client should review such vehicle's offering documents to understand the other risks and potential conflicts of interest with respect to such investment.

For example, for an Advisory Client that invests in a non-U.S. country, investments involve certain factors not typically associated with investing in the United States, including risks relating to (i) differences between the U.S. and non-U.S. securities markets, including potential price volatility in and relative illiquidity of some non-U.S. securities markets; (ii) certain economic and political risks, including potential exchange-control regulations and restrictions on non-U.S. investments and repatriation of capital, the risks associated with political, economic or social instability and the possibility of expropriation or confiscatory taxation; (iii) the possible imposition of non-U.S. taxes on income and gains recognized with respect to such securities; (iv) the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements, and differences in government supervision and regulation and (v) moreover, less developed laws regarding corporate governance, fiduciary duties and the protection of investors.

### **Litigation**

In the ordinary course of business, Rockland may become a party to litigation, disputes and other potential claims.

### **Indemnification**

Each Rockland Advisory Client generally will be required to indemnify its general partner (or similar managing fiduciary), its investment adviser, their affiliates and each of their respective members, officers, directors, employees, consultants, advisors, senior advisors, stockholders,

shareholders, partners and other persons who serve at the request of its general partner on behalf of the Advisory Client for liabilities incurred in connection with the affairs of such Advisory Client. Where applicable, members of an investment committee of Investors unaffiliated with Rockland (the “Investor Advisory Committee”) of such Advisory Client may also be entitled to the benefit of certain indemnification and exculpation provisions as set forth in the applicable Advisory Client’s governing documents.

#### Recycling; Reinvestment

Under certain circumstances, proceeds distributable (or previously distributed) to the Investors in a Rockland Advisory Client may be retained and reinvested (or recalled for reinvestment) by its general partner or used (or recalled for use) by its general partner. Accordingly, due to the recycling of capital commitments, an Investor may, in certain circumstances, be required to fund an aggregate amount in excess of its capital commitment during the Advisory Client’s term.

#### Failure to Make Capital Contributions

If an Investor fails to pay when due installments of its commitment to a Rockland Advisory Client, and the capital contributions made by non-defaulting Investors and borrowings by the Advisory Client are inadequate to cover the defaulted capital contribution, an Advisory Client may be unable to pay its obligations when due. As a result, the Advisory Client may be subjected to significant penalties that could materially adversely affect the returns to the Investors (including non-defaulting Investors).

#### Dilution from Subsequent Closings

Where applicable, Investors subscribing for interests at subsequent closings of a Rockland Advisory Client generally will participate in existing investments, diluting the interest of existing Investors therein. Although such Investors generally will contribute their pro rata share of previously made draws (plus an additional amount thereon), there can be no assurance that this payment will reflect the fair value of the Advisory Client’s existing investments at the time such additional Investors subscribe for interests.

#### Diverse Investor Group

Investors may have conflicting investment, tax and other interests with respect to their investments in a Rockland Advisory Client. As a consequence, conflicts of interest may arise in connection with decisions made by the general partner (or similar managing fiduciary) or investment adviser of an Advisory Client, including with respect to the nature or structuring of investments, that may be more beneficial for one Investor than for another Investor, especially with respect to limited partners’ individual tax situations.

#### Public Disclosure

Some of the interests in the Rockland Advisory Clients may be held by Investors, such as public pension plans and listed investment vehicles, which are subject to public disclosure

requirements. To the extent that disclosure of confidential information relating to an Advisory Client or its portfolio companies results from interests being held by public Investors, an Advisory Client may be adversely affected.

#### Limited Access to Information

Investors' rights to information regarding a Rockland Advisory Client will be specified, and strictly limited, in the Advisory Client's governing documents.

#### No Market for Interests; Restrictions on Transfers

Interests in the Rockland Advisory Clients have not been registered under the Securities Act, or applicable securities laws of any U.S. state or the securities laws of any other jurisdiction and, therefore, cannot be resold unless they are subsequently registered under the Securities Act and any other applicable securities laws or an exemption from such registration is available. There is no public market for the interests in the Rockland Advisory Clients and one is not expected to develop. An Investor will not be permitted to directly or indirectly assign, sell, pledge, exchange or transfer any of its interests or any of its rights or obligations with respect to its interests without the prior written consent of the general partner (or other similar managing fiduciary) of the applicable Rockland Advisory Client, which consent may be given or withheld in accordance with the governing documents of the applicable Advisory Client.

#### *Potential Conflicts of Interest*

Investors should be aware that there will be occasions when Rockland and its affiliates may encounter potential conflicts of interest in connection with an Advisory Client. There can be no assurance that Rockland will resolve all conflicts of interest in a manner that is favorable to a particular Advisory Client. In addition to the conflicts of interest discussed elsewhere in this Brochure, the following discussion enumerates certain potential conflicts of interest:

#### Carried Interest

As described in Items 5 and 6, carried interest may create an incentive for the general partner (or similar managing fiduciary) of a Rockland Advisory Client to make riskier or more speculative investments on behalf of such Advisory Client than would be the case in the absence of this arrangement.

#### Other Activities of Management

Rockland personnel will devote such time as shall be reasonably necessary to conduct the business affairs of each Advisory Client in an appropriate manner. However, Rockland personnel will work on other projects, including other Advisory Clients and, therefore, conflicts may arise in the allocation of management resources.

## Allocation of Investment Opportunities with Other Advisory Clients and Conflicting Fiduciary Duties

Rockland may, from time to time, be presented with investment opportunities that fall within the investment objectives of multiple Advisory Clients, and in such circumstances, except as otherwise provided in the governing documents of the applicable Advisory Client, Rockland will allocate such opportunities among the Advisory Clients on a basis that Rockland determines in good faith to be fair and reasonable taking into account all facts and circumstances Rockland deems relevant, including the requirements of the governing documents of the applicable Advisory Clients, the sourcing of the transaction, the nature of the investment focus of each Advisory Client, the relative amounts of capital available for investment, the nature and extent of involvement in the transaction on the part of the respective teams of investment professionals for each such Advisory Client and other considerations deemed relevant by Rockland in good faith.

## Investments in Which Another Advisory Client Has a Different Principal Investment

An Advisory Client may make investments in portfolio companies in which other Advisory Clients have or are concurrently making a different principal investment at the time of such Advisory Client's investment (*e.g.*, in different parts of the capital structure). In such situations, the Advisory Clients may have conflicting interests (*e.g.*, over the terms of their respective investments).

## Company-wide Trade Allocation Procedures

Rockland has established trade allocation policies and procedures addressing Rockland's duties to allocate investment opportunities among Advisory Clients in a fair and equitable manner. Most investment opportunities that satisfy the investment parameters of a particular Advisory Client will be allocated exclusively to that particular Advisory Client. In certain cases, however, an investment opportunity may be appropriate for more than one Advisory Client. Any such allocation decisions are initially raised with the Investment Committee of the relevant Advisory Client that originated the investment opportunity. That particular Investment Committee, together with the Chief Compliance Officer, will review the opportunity to determine if an allocation to any other Advisory Client may be appropriate in the first instance, taking into account, among other things, whether the investment satisfies each of the relevant Advisory Client's investment objectives and the Advisory Client's expected allocation based on its available capital commitments. If an investment opportunity will be allocated, the Chief Compliance Officer, will, to the extent practicable, determine in good faith that the allocation is fair and reasonable taking into account the relevant facts and circumstances and parameters of the Advisory Client's governing documents (or investment management agreement as applicable). In certain situations, participation of multiple Advisory Clients in a single transaction may require consent of the Investor advisory committee or the Investors of the participating Advisory Clients. Allocation decisions are periodically reviewed to determine the reasonableness and fairness of the allocation decisions. Rockland's policies prohibit the allocation of investment opportunities based on anticipated compensation or profits to Rockland, any affiliates or their professionals.

Certain Advisory Clients such as parallel and successor Rockland-sponsored Advisory Clients may be subject to specialized allocation procedures set forth in the governing agreements of the applicable Advisory Clients.

#### Service Providers

The service providers or their affiliates (including any administrators, lenders, brokers, attorneys, consultants and investment banking firms) of the Rockland Advisory Clients, Rockland or any of their affiliates may be investors in an Advisory Client and/or sources of investment opportunities and co-investors or counterparties therewith. This may influence, or have the appearance of influencing, Rockland's decision whether to select such service provider (especially for work related to Advisory Clients). As Rockland will select service providers based on the best interests of the applicable Advisory Clients, the Company does not believe the activities of service providers or their affiliates will conflict with the activities of the Company.

#### Side Letters

The general partner (or similar managing fiduciary) of a Rockland Advisory Client may enter into side letters or other similar agreements with Investors in connection with their admission to such Advisory Client without the approval of any other Investor. The side letters or other similar agreements may have the effect of establishing rights under, altering or supplementing the terms of the governing documents of the applicable Rockland Advisory Client with respect to one or more such Investors in a manner more favorable to such Investors than those applicable to other Investors. Rockland will disclose to Investors the existence and nature of any side letter or arrangement entered into by the applicable Advisory Client containing any material term (as defined by the Alternative Investment Management Association).

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

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a potential Investor's evaluation of Rockland or the integrity of our management. Rockland Capital, LLC has no information applicable to this Item.

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

Registered investment advisers are required to disclose all other financial industry activities and affiliations in order to provide information about potential conflicts of interest arising from certain activities of the adviser and its affiliates. Michael Del Giudice, a supervised person of Rockland, is a registered representative of an unaffiliated broker-dealer, MCM Securities, LLC. In addition, Mr. Del Giudice serves as a member of the board and Co-Chairman of Carnegie Hudson Resources, LLC, and as a member of the Board of Advisors of Corinthian Capital Group, LLC, both of which are private investment funds. Rockland does not believe that the activities of Mr. Del Giudice serving in such capacities conflicts with the activities of Rockland's Advisory Clients.

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

As discussed in Items 5 and 6 above, affiliates of the Company serve as a general partner or other managing fiduciary to each Advisory Client and are often entitled to receive performance-based carried interest distributions from the applicable Advisory Client. In addition, such general partner or other managing fiduciary or its employees may receive Transaction Fees. The payment of Transaction Fees may create a conflict of interest, as the Company may be incented to cause a portfolio company to increase such fees. Any fees paid to the Company by a portfolio company or an Advisory Client are required to be on an arm's-length basis and on terms that are no less favorable to the Advisory Client or portfolio company than would be obtained in a transaction with an unaffiliated party. Rockland's policies prohibit the allocation of investment opportunities based on anticipated compensation or profits to Rockland, any affiliates or their professionals. Any such Transaction Fees received by the general partner or other managing fiduciary of an Advisory Client or any of their respective employees are required to be immediately remitted to the Company. Generally, a percentage of such Transaction Fees are used to offset each Advisory Client's management fee.

The employees of Rockland and its affiliates may serve on the boards of directors of portfolio companies of Advisory Clients. Serving in such capacity may give rise to conflicts to the extent that an employee's fiduciary duties to a portfolio company as a director may conflict with the interests of an Advisory Client. As the interests of the portfolio company and the Advisory Client will generally be aligned, Rockland does not believe that the activities of employees serving in such capacity will conflict with the activities of the applicable Advisory Clients.

Rockland currently acts as investment adviser to a number of Advisory Clients, and related persons typically act as a general partner (or similar managing fiduciary) of such Advisory Clients. Rockland may face a number of potential conflicts of interest including, (i) allocation of investment opportunities among its Advisory Clients, (ii) Advisory Clients making investments in portfolio companies in which other Advisory Clients have a different principal investment and (iii) allocation of time of Rockland personnel to the business affairs of its Advisory Clients. Such conflicts of interest are discussed in more detail in Items 6, 8 and 11.

Rockland does not recommend or select other investment advisers for its Advisory Clients.

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

### **Code of Ethics**

Rockland has established and approved a Code of Ethics that sets forth standards of ethical conduct for employees and is designed to address and avoid potential conflicts of interest as required under Rule 204A-1 of the Advisers Act. Among other things, the Code of Ethics prescribes standards for dealing with clients ethically, addresses conflicts of interest issues, and supplements personal trading and operating procedures. The Code of Ethics provides guidance in specific areas, including but not limited to, confidentiality of the Company's information,

personal investments, gifts and entertainment and personal political activities. Under the Code of Ethics, Rockland's staff is required to disclose their securities holdings and business activities. Trading in securities in personal accounts of Rockland staff is subject to pre-clearance and is subject to review by the Chief Compliance Officer. This Code of Ethics is available to Advisory Clients, Investors or prospective Advisory Clients or Investors by writing to Rockland Capital, LLC, 24 Waterway Avenue, Suite 800, The Woodlands, TX, 77380, Attn: Chief Compliance Officer.

### **Principal Transactions**

Rockland, as investment manager, or an affiliate may engage in principal transactions (*i.e.*, transactions in which Rockland or an affiliate is deemed to be acting for its own account by buying a security from, or selling a security to, an Advisory Client). These transactions introduce a potential conflict of interest between its own interests and those of the Advisory Client. Rockland has established policies and procedures to comply with the Advisers Act when engaging in principal transactions with clients. Additionally, investment guidelines and an Advisory Client's charter documents may limit principal transactions on a more restrictive basis than the Advisers Act.

### **Notice and Consent**

In certain cases, a principal transaction may occur prior to the initial closing of an Advisory Client (*e.g.*, where an affiliate warehouses investments prior to selling them to an Advisory Client). Details of the principal transaction typically are disclosed in the offering documents of an Advisory Client. In other cases, principal transactions may occur after an Advisory Client has held an initial closing. In those cases, either the Advisory Client or an independent representative of the Advisory Client must receive notice of the transaction and consent to the transaction prior to Rockland or an affiliate settling the principal transaction. An Investor advisory committee is typically established for each Advisory Client to, among other things, receive notice of, advise on and provide consent to certain conflicts of interest matters, such as principal transactions.

### **Cross Transactions**

Rockland may allow Advisory Clients to engage in cross transactions, which occur when a transaction is effected directly between two or more of Rockland's Advisory Clients.

Cross transactions may benefit clients because they can avoid transaction fees. They also create conflicts of interest because, by not exposing buy and sell transactions to market forces, clients may not receive the benefits of best price, or, an adviser might seek to prop up the performance of one Advisory Client by selling under-performing assets to another Advisory Client in order, for example, to earn higher fees.

Rockland has established policies and procedures that address permissible cross transactions. Subject to the terms of the Advisory Client's organization documents: (i) notice must be provided to each Advisory Client or an independent representative of each such Advisory Client prior to proceeding with the cross transaction; (ii) if an Investor Advisory Committee of a



particular Advisory Client has been established under the Advisory Client's charter and organizational documents, it must provide consent (generally by majority of the Committee's members) prior to engaging in such cross transaction; and (iii) records of such notices and consents must be maintained as part of Rockland's books and records. Typically, the charter and organizational documents for each of the Advisory Clients address permissible cross transactions.

### **Purchases and Sales of Securities by Advisory Clients and the Company and/or its Related Persons**

Rockland, its affiliates and equity owners typically invest in Rockland's Advisory Clients. Rockland has established policies and procedures which require prior approval of all personal trades of Rockland's staff, subject to applicable law. All Rockland staff must confirm their compliance with these policies and procedures annually.

## **Item 12 - Brokerage Practices**

### **Broker Selection**

Consistent with SEC guidance and Rockland's policy on best execution, Rockland will consider the full range and quality of a broker's services in selecting a broker for a transaction, based on a number of factors. These factors include, but are not limited to, Rockland's knowledge of commission rates and spreads; the reasonableness of spreads or commission rates; the nature of the security being traded; the size and type of the transaction; the nature and character of the markets for the security to be purchased or sold; the desired timing of the trade; the activity existing and expected in the market for the particular security; confidentiality; the execution, clearance, and settlement capabilities as well as the reputation and perceived financial soundness of the broker selected and other brokers considered; Rockland's knowledge of actual or apparent operational problems of any broker; and the broker's or dealer's execution services rendered on a continuing basis and in other transactions.

When executing a transaction in any investment with or for a Rockland Entity, Rockland must take reasonable steps to ensure that the counterparty is reliable and that the terms and circumstances of the transaction are the best available on the relevant market at the time of execution for transactions of the same size and nature.

Transactions in publicly traded securities may only be executed with brokers on the approved broker list (the "Approved Broker List"). An employee desiring to add a broker to the Approved Broker List must complete a broker valuation form and submit it to the Chief Compliance Officer for approval. The Chief Compliance Officer will evaluate the criteria set forth on the form and determine whether to add the broker to the Approved Broker List. Rockland's portfolio managers will conduct due diligence periodically on the brokers appearing on the Approved Broker List throughout the year, with the goal of reviewing each broker at least once annually. The Chief Compliance Officer shall monitor all trades in publicly traded securities to ensure that only those brokers appearing on the Approved Broker List, or otherwise approved in writing by the Chief Compliance Officer, execute trades on behalf of Rockland and its Advisory Clients.

The Chief Compliance Officer is responsible for maintaining, updating and distributing to the relevant employees the Approved Broker List as new brokers are added or existing brokers are removed.

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

Rockland does not anticipate entering into any soft dollar arrangements.

#### **Brokerage for Client Referrals**

The Company does not consider client referrals in selecting or recommending broker-dealers.

#### **Directed Brokerage**

As a general matter, the Company does not enter into direct brokerage arrangements and the Company does not anticipate that any of its clients will request directed brokerage arrangements.

#### **Trade Aggregation**

The Company makes investments on behalf of each Advisory Client in accordance with the stated investment objectives for the Advisory Client. Purchases of securities are generally made with respect to each Advisory Client individually. At times, however, the Company may purchase the same security in an aggregate amount, for allocation to one or more Advisory Clients, based upon their relative levels of liquidity and subject to certain minimums for investment.

The Company recognizes that it must allocate securities among its Advisory Clients in a fair and equitable manner, depending on the facts and circumstances of each situation. Any deviation from the allocation procedures set forth in Item 8 above shall be approved by the Chief Compliance Officer, appropriately documented and retained as part of the Company's records.

### **Item 13 - Review of Accounts**

#### **Oversight and Monitoring**

The portfolio investments of certain Advisory Clients are regularly reviewed by a team of investment professionals. The team generally includes principal executive officers of Rockland, and other investment and asset management professionals. These professionals monitor operations, overall performance, financial performance, and strategic direction of each portfolio company owned by the Advisory Clients.

#### **Reports to Clients**

Investors in Rockland-sponsored Advisory Clients typically receive quarterly financial reports and audited annual reports. Each of the Advisory Clients is required to fulfill reporting

obligations to its Investors based on the terms and conditions of the particular Advisory Client's organizational documents.

For new Advisory Clients or Investors in Rockland-sponsored investment vehicles, a copy of this Brochure is delivered prior to or at the time of entering into an advisory contract.

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

Except as otherwise described in Item 5 – “Fees and Compensation”, the Company does not receive any economic benefits from non-clients for providing investment advice or other advisory services to its Advisory Clients.

Rockland and its affiliates may enter into cash compensation arrangements with unaffiliated placement agents or third parties and may pay a fee of up to 2.25% or more for introducing Investors to Rockland in respect of an Advisory Client. Any sales charge associated therewith will ultimately be payable by Rockland or its affiliates, either directly or through an offset of the management fee payable by the relevant Advisory Client.

#### **Item 15 – Custody**

Rockland uses unaffiliated, qualified, third-party custodians to hold the assets of its Advisory Clients in a manner that it believes complies with current SEC standards and guidance. For example, these qualified custodians maintain an Advisory Client's assets in a manner that segregates them from assets for other clients of the custodian.

Rockland is deemed to have custody of the underlying assets of many of its Advisory Clients. All of the Advisory Clients' certificated investment securities are held by the qualified custodians on behalf of the Advisory Clients. The Company does not use the qualified custodian to send quarterly account statements directly to Investors. Rockland relies on an exception available to “pooled investment vehicles” from the reporting and surprise audit obligations imposed by the SEC's custody rule. In addition to holding the required client assets with an unaffiliated, qualified, third-party custodian, these Advisory Clients' assets (where Rockland is deemed to have custody) are generally also subject to a year-end audit by a major accounting firm that is a member of, and examined by, the Public Company Accounting Oversight Board (“PCAOB”). The audited financial statements are then provided to the underlying Investors of these Advisory Clients within 120 days of the end of the fiscal year.

#### **Item 16 - Investment Discretion**

Typically, Rockland provides investment advice to its Advisory Clients on a discretionary basis, either directly or indirectly through sub-advisory arrangements. An affiliate of Rockland, typically the general partner of the applicable Advisory Client, accepts discretionary investment authority for each Advisory Client. Generally this discretion is subject only to the investment guidelines set forth in the governing agreements of an Advisory Client. Such governing agreements generally expressly provide that the applicable general partner (or similar managing

fiduciary) has the authority to make all decisions concerning the investigation, evaluation, selection, negotiation, structuring, commitment to, monitoring of and disposition of investments.

## **Item 17 - Voting Client Securities**

Because Rockland has, or will accept, authority to vote public company securities and other debt instruments (*e.g.*, loans) held by an Advisory Client, it has adopted policies and procedures (the “Proxy Voting Policies and Procedures”) that it believes are reasonably designed to comply with the requirements of the Advisers Act. The Proxy Voting Policies and Procedures reflect Rockland’s commitment to vote such instruments in a manner consistent with the best interests of the Advisory Clients.

Under the Proxy Voting Policies and Procedures, unless faced with a conflict of interest between or among Advisory Clients, Rockland will vote proxies in a manner that serves the best interest of its Advisory Clients, as determined by the Company in its discretion, taking into account relevant factors, including (i) the impact on the value of the securities owned by the Advisory Client and the returns on those securities; (ii) alignment of portfolio company management’s interest with the Advisory Client’s interest, including establishing appropriate incentives for management; (iii) the ongoing relationship between the Advisory Client and the portfolio companies in which it invests, including the continued or increase availability of portfolio information; (iv) industry business and practices; and (v) the requirements imposed on Rockland in the Advisory Client operating agreements.

Rockland reviews each proposal submitted for a vote on a case-by-case basis to determine whether it is in the best interest of the applicable Advisory Client. As a result, depending on the Advisory Client’s particular circumstances, Rockland may vote one Advisory Client’s securities differently than it votes those of another Advisory Client, or may vote differently on various proposals, even though the securities or proposals are similar (or identical). In some instances, Rockland may determine that it is in the Advisory Client’s best interest for Rockland to “abstain” from voting or not to vote at all, and will do so accordingly.

At times, conflicts may arise between the interest of an Advisory Client, on the one hand, and the interest of either another Advisory Client or Rockland or its affiliates on the other hand in consideration of a proxy vote. To address such potential conflicts, Rockland follows the procedures outlined in the Proxy Voting Policies and Procedures, which include the potential involvement of the Company’s Chief Compliance Officer and/or the Proxy Voting Committee, a committee comprising senior management to help manage certain conflicts of interest that may arise during the conduct of Rockland’s business. The Proxy Voting Policies and Procedures require that in all situations involving a potential conflict between two Advisory Clients, the vote will be made without regard to the Company’s actual or anticipated compensation.

Proxy voting reports, identifying how proxies were voted where Rockland has been delegated proxy voting authority, and Rockland’s Proxy Voting Policies and Procedures are available upon written request to Rockland Capital, LLC, 24 Waterway Avenue, Suite 800, The Woodlands, TX 77380, Attn: Chief Compliance Officer.

**Item 18 - Financial Information**

Rockland does not require or solicit prepayment of more than \$1,200 in fees per Advisory Client, six months or more in advance. At this time, Rockland is not aware of any financial condition that could impair Rockland's ability to meet its contractual and fiduciary obligations to its clients. Rockland has not been the subject of any bankruptcy petitions at any time during the past ten years.

**Item 19 – Requirements for State-Registered Advisers**

Rockland has no state registrations.