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**This brochure provides information about the qualifications and business practices of EIG Credit Management Company, LLC (“Adviser”). If you have any questions about the content of this brochure, please contact us at (202) 600-3321 or at [adv@eigpartners.com](mailto:adv@eigpartners.com). The information in this brochure has not been approved or verified by the U.S. Securities and Exchange Commission (“SEC”) or by any state securities authority. Additional information about Adviser also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Adviser refers to itself as a “registered investment adviser” in materials distributed to current and prospective clients. As a registered investment adviser with the SEC, Adviser is subject to the rules and regulations adopted by the SEC under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). Registration as an investment adviser is not an indication that Adviser or its directors, officers, employees or representatives have attained a particular level of skill or ability.**

**ITEM 2 – MATERIAL CHANGES**

Adviser is making an other than annual amendment to reflect a change in indirect ownership of the Adviser.

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## **ITEM 4 – ADVISORY BUSINESS**

### **A. Advisory Firm**

Adviser is a Delaware limited liability company that commenced operation in 2015, and is owned and controlled by EIG Asset Management, LLC, which is ultimately controlled by R. Blair Thomas, Randall S. Wade and William C. Sonneborn.

Adviser is affiliated by common ownership with EIG Management Company, LLC and certain related advisers and general partners of EIG Management Company, LLC (collectively, “**EIG Management Company**”), which are investment advisers registered with the SEC. Adviser, together with EIG Management Company and its related advisers conduct a single advisory business (sometimes under the name “**EIG Global Energy Partners**” or “**EIG**”) <sup>1</sup>. Adviser and EIG Management Company are subject to the same compliance policies and procedures and Code of Ethics, including the Investment Allocation Policy, as described in Item 6.

### **B. Specialization**

EIG has a long history and extensive experience investing in the energy sector. Adviser specializes in investing across the capital structure of energy and energy-related infrastructure projects and companies on a global basis and providing hybrid debt, structured equity and higher credit quality project finance instruments. Adviser may provide advice with respect to direct lending loan origination or may provide advice with respect to syndicated and actively traded loans or securities.

### **C. Advisory Services**

#### **Private Funds**

Adviser provides investment advisory services with respect to private pooled investment vehicles and related parallel investment vehicles (each, a “**Private Fund**”). The Private Funds are typically U.S. and non-U.S. limited partnerships and other investment vehicles that are not registered or required to be registered under the Investment Company Act of 1940, as amended (the “**Investment Company Act**”), or the Securities Act of 1933, as amended (the “**Securities Act**”).

Adviser may, from time to time, sponsor and manage investment vehicles on a transaction-by-transaction basis to allow certain persons to invest alongside one or more Private Funds in specific portfolio companies and other assets of the Private Funds (each such vehicle, a “**Co-Investment Private Fund**”). Co-Investment Private Funds are typically limited to investing in securities relating to the transaction or

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<sup>1</sup> Prior to January 1, 2011, EIG Global Energy Partners was known as the Energy and Infrastructure Group of Trust Company of the West, and has since continued its now 32-year history of energy investing.

transactions with respect to which they were organized. As a general matter, any co-investment by a Co-Investment Private Fund will be on terms and conditions not more favorable than the terms and conditions of the investment by the applicable Private Fund.

Adviser may also sponsor and manage certain other entities which are “feeder” vehicles organized to invest exclusively in a Private Fund and/or special purpose vehicles that have been formed to facilitate portfolio investments by the Private Funds or their investors for tax, regulatory or economic purposes.

As investment manager to each Private Fund, Adviser identifies investment opportunities and participates in the acquisition, management, monitoring and disposition of investments for each Private Fund. Adviser will manage each Private Fund based on the investment objectives and investment restrictions set forth in the governing agreement and/or confidential offering memorandum of a Private Fund (the “**Offering Documents**”) and in any other written materials furnished from time to time by a Private Fund to Adviser. Such restrictions may be waived in certain cases with the consent of the applicable Private Fund’s advisory committee in accordance with such Private Fund’s governing agreement. The advisory committee consists of representatives of limited partners of such Private Fund who are not affiliated with Adviser. Investment advice is provided directly to the Private Funds, and not individually to the investors of the Private Funds. Adviser generally provides investment advisory services to each Private Fund pursuant to an investment management agreement with the Private Fund (“**Management Agreement**”) and/or the governing agreement of the Private Fund.

All descriptions of the Private Funds in this brochure, including, but not limited to, their investments, the strategies used in managing the Private Funds, the fees and other costs associated with an investment in the Private Funds, and conflicts of interest faced by the Adviser in connection with management of the Private Funds are qualified in their entirety by reference to the relevant Private Fund’s respective Offering Documents.

Persons reviewing this brochure should not construe this as an offering of any of the Private Funds described herein, which will only be made pursuant to the delivery of a confidential offering memorandum to prospective investors.

### **Managed Accounts**

To a limited extent, Adviser may also manage separately managed accounts for institutional investors (collectively, “**Accounts**”) independently based on a determination of each client’s financial situation, needs and investment objective and pursuant to an investment management agreement (the “**Advisory Agreement**”) with each client, which may include certain investment restrictions imposed by the client.

### **Registered Funds**

Adviser may also act as sub-adviser to certain closed-end investment companies registered under the Investment Company Act (“**Registered Funds**”). Please refer to the prospectus of the Registered Fund (each, a “**Prospectus**”) for more information regarding the Registered Fund’s management, investment objectives, risks, fees, charges and expenses.

Adviser generally offers advice regarding investments in private companies which are not publicly traded. Such investments are principally the debt instruments of such private companies but may also include equity securities of such private companies. Although from time to time the Adviser may provide advice regarding publicly traded securities, investments will generally be illiquid and may not be easily liquidated should a need arise. In addition, privately-placed debt-instruments are generally “fair valued,” which may vary substantially from any values actually realized on the securities.

The Private Funds, Registered Funds and Account clients, as may be applicable, are collectively referred to herein as “**Clients**”.

#### **D. Wrap Fee Programs**

Not applicable.

#### **E. Regulatory Assets Under Management (as of January 30, 2015)**

*Discretionary:* \$0

*Non-Discretionary:* \$0

### **ITEM 5 – FEES AND COMPENSATION**

#### **Private Funds**

##### *A. Types of Fees*

Adviser is compensated for its advisory services to certain of the Private Funds based on a percentage of assets under management and performance-based amounts in accordance with each such Private Fund’s Offering Documents and Management Agreement.

Until the commitment period for a Private Fund has terminated, a Private Fund generally pays to Adviser annual advisory fees (“**Management Fees**”) equal to a certain percentage of the total capital invested by the applicable Private Fund. Following the end of the commitment period of a Private Fund, the Management Fee of such Private Fund generally is equal to a certain percentage of the net invested capital of the investors in the applicable Private Fund.

Adviser, in its discretion, may waive or reduce the Management Fee as to all or any of the investors in a Private Fund or agree with an investor to waive or alter the Management Fee as to that investor. The Management Fee charged by certain of the Private Funds may be reduced by all or a portion of any origination, transaction, break-up or other fees received by Adviser as described in the Offering Documents of the applicable Private Fund.

There can be no assurance as to when capital will be invested or that the entire capital commitment of an investor will be invested by each Private Fund.

Adviser is apportioned carried interest distributions from each Private Fund (“**Carried Interest**”) based on the net cash proceeds attributable to distributions of Private Fund investments, subject to a preferred return to investors. Adviser, in its discretion, may waive or reduce the Carried Interest as to all or any of the investors in a Private Fund or agree with an investor to waive or alter the Carried Interest as to that investor.

The Management Fee and Carried Interest for the Private Funds vary depending on the investment strategy of the particular Private Fund. Adviser’s Management Fees range from approximately 0.50% to 2.00% per annum, and Adviser’s Carried Interest ranges from approximately 10% to 20% of the profits earned by such Private Fund. Investors should refer to each Private Fund’s Offering Documents for additional or supplementary information regarding the Private Funds as well as the fees paid by each Private Fund. Certain of the Private Funds, however, pay no Management Fee.

## *B. Payment Method*

Depending on the Private Fund, the Management Fee will be paid quarterly in arrears or in advance by paying Management Fees from investment proceeds or other cash held by each Private Fund or by issuing capital calls to the investors. The Carried Interest for each Private Fund generally is paid out as a distribution of the net cash proceeds attributable to dispositions of portfolio investments of the Private Fund. The payouts of the Carried Interest may be subject to preferred return hurdle rates and clawbacks in accordance with each Private Fund's Offering Documents.

## *C. Costs and Expenses*

Adviser pays all normal operating expenses incidental to the provision of day-to-day administrative services to the Private Funds, including its own overhead. Subject to any expense limitation set forth in the Offering Documents, each Private Fund bears all expenses of its organization and operation (including the costs of winding up and liquidating the Private Fund), fees and expenses (including legal, accounting, auditing, travel and consulting) incurred in the purchase and sale of investments including transactional costs associated with the investments of the Private Fund and accounting fees in accordance with the Private Fund's Offering Documents. Such expenses include but are not limited to: (i) legal, auditing, custodial, administration, consulting, regulatory and compliance, financing and accounting fees and expenses of the Private Fund, including expenses associated with preparation of the Private Fund's financial statements, reports to Private Fund investors, tax returns, and Schedule K-1s; (ii) out-of-pocket expenses and other expenses incurred in connection with the operation of the Private Fund under the laws of the jurisdiction in which it is organized; (iii) out-of-pocket expenses of transactions not consummated; (iv) appraisals and valuation expenses; (v) expenses of litigation and indemnification; (vi) damages; (vii) premiums and deductibles for insurance protecting the Private Fund and any covered person from liabilities in connection with the Private Fund's investments and other activities; (viii) expenses of advisory committee meetings, board of directors meetings, and meetings of the Private Fund's investors; (ix) other expenses associated with the acquisition, holding and disposition of the Private Fund's portfolio investments including extraordinary expenses; (x) engineering, surveying, geological and geophysical evaluation fees in connection with evaluating loans, investments and other investments whether consummated or not (to the extent not paid by borrowers or issuers); (xi) reasonable banking and consulting expenses; (xii) costs of reporting to Private Fund investors and to government authorities with respect to the Private Fund investors, the Private Fund and/or the Private Fund's activities and investments; and (xiii) any taxes, fees or other governmental charges levied against the Private Fund. Any such fees and certain overhead and operational expenses generally will be allocated between the relevant Private Fund and any related co-investing entities on the basis of capital committed by each such entity to the relevant investment.

Under certain circumstances specified in the Offering Documents, the Private Funds are generally obligated to indemnify the Adviser and its affiliates and other identified persons as described in the relevant Offering Documents.

Although Adviser does not generally utilize the services of broker-dealers for Private Fund transactions, in the event it chooses to use a broker-dealer, the Private Funds will bear brokerage and transaction costs to the extent incurred. For additional information regarding brokerage and transaction costs, see Item 12 below.

## *D. Refunds*

If Management Fees with respect to a Private Fund are paid in advance, they are generally returned to investors in such Private Fund should Adviser's management services to the Private Fund be terminated

prior to the end of the period in respect of which the fees have been paid (including, for example, situations in which the final distribution by a Private Fund 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.

#### *E. Sales Compensation*

Adviser and its employees do not receive (directly or indirectly) any compensation from the purchase or sale of securities or investments for Private Funds. Adviser and its employees do not receive (directly or indirectly) sales commissions in connection with sales of interests in a Private Fund.

### **Managed Accounts**

#### *A. Types of Fees*

Fees paid to Adviser by Account clients are negotiable and vary. Fees will be set forth in Adviser's Advisory Agreement with each Account client and determined based on the size of the Account, the client's needs, the complexity of the client's investment objective and the number of portfolio restrictions.

Under Adviser's Advisory Agreement with an Account client, Adviser is compensated for its advisory services to the Account based on a percentage of total capital invested and performance-based amounts. Adviser's investment-based fees range from approximately 0.50% to 2.00% per annum, and Adviser's performance-based compensation range from approximately 10% to 20% of the profits earned by such Account.

#### *B. Payment Method*

The management fee will be paid quarterly in advance or arrears by deduction from the assets held in an Account or as invoiced from an Account's custodian, as set forth in an Account client's Advisory Agreement.

The performance-based compensation is also paid by deduction from the assets held in an Account each year in which performance-based compensation is earned. If a client terminates its Advisory Agreement, performance-based compensation is based on negotiated terms depending on the reason for termination, but is generally based on the ultimate performance of assets since inception of the investment.

#### *C. Costs and Expenses*

In addition to the management fee and performance-based compensation, an Account client is responsible for any fees, expenses or charges incurred by or on behalf of the Account, including certain of the fees and expenses listed above in Private Funds - Item 5(C).

#### *D. Refunds*

If an Account terminates its Advisory Agreement on a date other than the end of a calendar quarter, the management fee will be prorated for assets held in the Account for less than a full quarter.

#### *E. Sales Compensation*

Adviser and its employees do not receive (directly or indirectly) any compensation from the purchase or sale of securities or investments for Accounts.

## **Registered Funds**

### *A. Types of Fees*

Adviser will serve as sub-adviser to certain Registered Funds.

With respect to the Registered Funds, Adviser, or an affiliate therefor, will receive a management fee, calculated based on committed capital, and performance allocation or fee payable by a Registered Fund in the amount disclosed in the Registered Fund's Prospectus.

### *B. Payment Method*

The management fee will be paid quarterly in arrears by deduction from the assets of a Registered Fund. The management fee for any partial quarter will be appropriately prorated.

### *C. Costs and Expenses*

In addition to the management fee and performance allocation or fee, each Registered Fund will be responsible for all its organizational, offering and operating expenses, subject to any expense limitation set forth in the Registered Fund's Prospectus.

Under certain circumstances, each Registered Fund will be obligated to indemnify the Adviser and its affiliates as described in the Registered Fund's Prospectus.

## **ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

As discussed in Item 5(A) above, pursuant to the applicable governing agreements, Adviser generally will be entitled to receive performance-based compensation from certain Private Funds, Registered Funds and Accounts that represent a percentage of the profits of such Private Fund, Registered Fund or Account. Certain of the Private Funds and Registered Funds, however, do not provide for any performance-based compensation to Adviser. Performance-based compensation will only be charged in accordance with the provisions of Section 205 under the Advisers Act, the rules adopted thereunder, and any relevant no-action letters issued by the SEC staff.

Performance-based compensation may create an incentive for Adviser to make investments that are riskier than it would otherwise make due to the higher return potential associated with higher risk investments. In addition, the terms of the performance-based compensation could give Adviser an incentive to make decisions regarding the timing and structure of realization of transactions that may not be in the best interest of Clients. However, Adviser believes that the equity commitment by the Adviser and its affiliates in the Private Funds themselves or alongside the Private Funds helps to align the interests of Adviser with those of the limited partners.

In the event that some Clients are charged higher performance-based compensation than others, a conflict may arise. In such a situation, Adviser may have an incentive to treat some Clients preferentially as compared to others because those Clients are charged higher performance-based compensation. Adviser may have an incentive to spend more time/resources on such Clients or to allocate specific assets anticipated to be more profitable than others to portfolios subject to a performance fee. Generally, and except as may be otherwise set forth in the governing documents of a Private Fund, this conflict may be mitigated by provisions in certain Private Fund documents that restrict Adviser from admitting investors

to any new pooled multiple-investment vehicle managed by Adviser (other than co-investment vehicles and special purpose vehicles) having substantially similar investment objectives until the earlier of (i) a certain percentage, generally 75%, of a Private Fund's commitments have been called, reserved or allocated for funding of portfolio investments or payment of Private Fund expenses or (ii) the last day of a Private Fund's investment period.

EIG has adopted a policy to allocate portfolio transactions and investment opportunities across multiple Clients on a fair and equitable basis (the "**Investment Allocation Policy**"). EIG has established and maintains a single Allocation Committee for purposes of determining the appropriate allocation to or amongst EIG's Clients of investment opportunities originated by EIG. In making allocation determinations, the Allocation Committee will follow the allocation guidelines set forth in the Investment Allocation Policy and any specific allocation policies contained in any governing document of any Client, while also taking into account the various investment considerations of any relevant investment recommendation to avoid an inequitable, inappropriate or unintended result to any of its Clients. The Investment Allocation Policy provides that investment opportunities will be allocated by the Allocation Committee without consideration to different management or performance fees.

The Investment Allocation Policy is meant to be consistent with, and to complement, the allocation protocols set forth in a Private Fund's Offering Documents and other applicable agreements relating to a participating Private Fund, an Account's Advisory Agreement, or a Registered Fund's Prospectus. In any case where the Investment Allocation Policy and any such protocols differ, such other protocols shall govern unless it is otherwise determined to be inappropriate under the circumstances. The Investment Allocation Policy may be amended by EIG at any time without the consent of any Clients.

Some or all of the Registered Funds may seek exemptive relief from the SEC to engage in co-investment transactions with certain Private Funds.

Asset valuation is another area in which performance fee arrangements may pose a conflict of interest. The fair value of assets owned by or managed for Clients for which there is no, or only a limited, liquid market may not be readily determinable. There is no assurance that the value assigned to an investment at a certain time will accurately reflect the value that will be realized upon the eventual disposition of the investment, and a Client's performance could be adversely affected if such valuation determinations are materially higher than the value ultimately realized upon the disposition of the investment. There may be situations in which the Adviser is potentially incentivized to influence or adjust the valuation of Client assets. For example, the Adviser could be incentivized to: (i) employ valuation methodologies that may improve a Client's track record; (ii) minimize losses from write downs that must be returned prior to Adviser receiving a carried interest; or (iii) while currently not consistent with the policy that management fees are calculated based on committed capital, employ valuation methodologies that may give rise to a higher valuation in order to increase fees, if in the event a management fee is calculated as a percentage of the value of such Client's assets. EIG has adopted valuation policies to manage the potential conflicts that may arise.

In an effort to deal with the types of conflicts presented in this section, EIG regularly monitors its investment management activity no less than annually and generally, on a quarterly basis.

## **ITEM 7 – TYPES OF CLIENTS**

### **Private Funds**

Adviser organizes and serves as investment manager to Private Funds. Investment advice is provided to the Private Funds and not individually to the investors in the Private Funds.



Adviser generally requires investors in a Private Fund to make a minimum capital commitment to that Private Fund of at least \$10,000,000, although the amount of the minimum varies from fund to fund and investment thresholds may be waived. The minimum commitment requirements may be waived by Adviser in its sole discretion.

In respect of the Private Funds, investors must be “accredited investors” under Regulation D under the Securities Act, who are eligible to enter into a performance fee arrangement under the Advisers Act. In addition, in respect of any Private Fund that relies on Section 3(c)(7) of the Investment Company Act, investors must be “qualified purchasers” under Section 2(a)(51)(A) of the Investment Company Act.

### **Managed Accounts**

Adviser generally imposes similar requirements on Account clients. Account requirements may be waived by Adviser in its sole discretion.

### **Registered Funds**

Adviser will act as sub-adviser to certain Registered Funds. Please refer to the Prospectus of each Registered Fund for more information regarding the Registered Fund’s investment strategies and limitations.

## **ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

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

#### *Investment Analysis*

Investments for each Client are identified and selected by Adviser. In the case of a Client where Adviser serves as sub-adviser, the Client’s investment adviser also must approve each investment. Adviser evaluates investments based on an intensive due diligence process and critical analysis of each potential portfolio company’s fundamentals (e.g., financial statements, profitability, cash flow) and using the following analysis methods, as may be applicable: country risk analysis; analysis of political risks; analysis of geological, reserve engineering and consultant reports; analysis of proprietary data and analytical systems developed and maintained in-house; credit analysis based upon debt payment history, term of debt, price, interest rate, market interest rates, general market conditions, industry conditions and other similar factors; analysis of compliance statements; and analysis of discounted cash flows and discussions with third parties such as engineers, environmental and other consultants, attorneys and facility operators. Adviser emphasizes a comprehensive technical review of the assets underlying the investment opportunity.

To help develop its investment recommendations, Adviser conducts primary research, as may be applicable, with respect to private corporate documents, including business plans, financial records and projections, engineering or other technical data, legal documents and customer agreements, reviews, industry information and interviews with company management, key officers and employees, customers, suppliers and competitors. In certain instances, Adviser also retains outside consultants and advisers having special expertise in relevant fields. Adviser compiles the foregoing information and employs a variety of financial analysis tools and methodologies in valuing and evaluating potential investments.

Following an investment by the Adviser for and on behalf of a Client, Adviser will continue to monitor the progress and suitability of portfolio investments as well as market and economic outlook.

***Investment in securities involves risk of loss that investors in a Private Fund or Registered Fund must be prepared to bear.***

#### *Investment Strategies*

Adviser's general strategy is to invest in a diversified portfolio of debt investments in companies owning or operating energy, resource and infrastructure-related assets on a global basis. The investments will generally include senior and subordinated loans, structured equity, production payments, net profits interests, royalty interests, bonds, notes and other forms of debt and equity securities issued by companies globally. Adviser may make investments in various currencies, including, but not limited to, U.S. Dollars, Euros, Pounds Sterling, Canadian Dollars and Australian Dollars.

Adviser generally targets investments in energy companies and projects throughout the energy value chain including (i) upstream oil and gas; (ii) midstream oil and gas; (iii) power generation, transmissions and distribution; (iv) renewables; (v) energy infrastructure; (vi) general infrastructure; (vii) energy-related industrial processes; and (viii) mining and similar natural resource extraction projects.

Certain Clients may focus on certain types of energy companies and projects. For example, certain Clients may focus on small and mid-cap energy companies and/or projects secured by hard assets such as proven oil and gas reserves, pipelines, gathering systems, processing facilities, liquefied natural gas terminals, power plants and similar energy and energy-related infrastructure opportunities. Other Clients may focus on investments primarily in clean energy projects or companies. Those Clients that focus on clean energy projects or companies will generally target investments in projects and related companies that use the following clean energy technologies, among others: wind, solar, hydro-electric, biomass, cogeneration, fuel switching, geothermal, combined cycle, clean coal, waste-to energy, district heating and electricity waste fuel, combined heat and power, efficiency retrofit and related projects and companies.

The investment strategy for each Private Fund, Registered Fund or Account is more particularly described in its Offering Documents, Prospectus, or Advisory Agreement, respectively. Prospective investors should carefully read a Private Fund's Offering Documents, a Registered Fund's Prospectus or Account's Advisory Agreement, and consult with their own counsel and advisers as to all matters concerning an investment in any Private Fund, Registered Fund or Account.

#### **B. Investment Strategy Risks**

Acquiring interests in any Private Fund, Registered Fund and/or opening an Account with Adviser is intended for sophisticated investors who can accept a high degree of risk in their portfolio, do not need regular current income from their investment with Adviser and can accept a potential loss of their entire investment. Investment risks specific to the investment strategy of each Private Fund or Registered Fund are described in the Offering Documents of that Private Fund or Prospectus of that Registered Fund and risks specific to any investment strategy employed by Adviser in managing an Account will be explained to the client prior to the opening of the Account. Such risks may include (but are not limited to):

- *Portfolio Concentration.* As a global energy investor, inherent to the portfolio are the risks associated with a limited diversification of a portfolio. Such concentration of risk may increase the gains or losses in the portfolio. In addition, it is possible that Adviser may select investments that are concentrated in a limited number of types of financial instruments, which could result in disproportionate gains or losses if there are greater price movements in those financial instruments. In addition, a portfolio may hold a relatively small number of securities. Losses

incurred in such securities could have a disproportionate effect on the account's overall financial condition.

- *Limited Liquidity and Restrictions on Transfer.* There is currently no active trading market for any of the Private Funds advised by Adviser and generally the interests in the Private Funds are subject to restrictions on transfer. The same risks will apply to any Registered Fund whose shares are not listed on a national securities exchange.
- *Competition for Portfolio Investments.* Identifying, completing and realizing attractive private equity investments is highly competitive, and involves a high degree of uncertainty. There can be no assurance that Adviser will be able to locate, consummate and exit investments that satisfy a portfolio's investment objectives or realize upon their values or be able to invest fully an account's committed capital.
- *Illiquid Investments.* Return of capital and the realization of gains, if any, from the investments of a portfolio generally will occur only upon the partial or complete disposition of an investment which may not occur for a number of years after the investment is made. It is unlikely that there will be a public market for the securities held by a portfolio at the time of their acquisition.
- *Dependence on Key Personnel.* The performance of a portfolio depends on the skill of Adviser and its principals to identify and consummate suitable investments, to structure and make prudent credit and investment decisions, and to dispose of investments of the portfolio at a profit. There can be no assurance that the senior executives of the Adviser will continue to be involved in the affairs of a portfolio throughout the life of the portfolio.
- *Leverage.* A portfolio may invest in portfolio companies whose capital structures may have significant leverage. A Client itself may also have significant leverage. The use of leverage is a speculative technique that involves special risk considerations. To the extent a Client or a portfolio company in which a portfolio invests is leveraged, its leveraged capital structure will increase the exposure of the Client or the company to adverse economic factors such as rising interest rates, downturns in the economy or deteriorations in the condition of the company or its industry sector.
- *Non-Controlling Interests.* Although Adviser will seek appropriate shareholder rights to protect each account's interests, a portfolio may hold a non-controlling interest in certain portfolio companies and, therefore, may have a limited ability to protect its position in such companies.
- *Third Party Co-Investors.* A portfolio may co-invest with third parties, through partnerships, joint ventures or other entities, which may have larger ownership interests in the portfolio's investments. Such investments may involve additional risks in connection with such third-party involvement, including the possibility that a third party may have financial difficulties resulting in a negative impact on such investment, may have economic or business interests or goals that are inconsistent with those of the portfolio or may be in a position to take (or block) action in a manner contrary to the portfolio's investment objectives.
- *Risks Associated with Non-U.S. Investments; Non-U.S. Currency and Exchange Risks.* Risks associated with non-U.S. investments include the following: the unpredictability of international trade patterns; the possibility of governmental actions adverse to business generally or to non-U.S. investors in particular; changes in taxation, fiscal and monetary policies or imposition or modification of controls on non-U.S. currency exchange, repatriation of proceeds, or non-U.S. investment; the imposition or increase of withholding taxes on income and gains; price volatility;

absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements and less government supervision and regulation which may result in lower quality information being available and less developed corporate laws regarding fiduciary duties and the protection of investors; governmental influence on the national and local economies; and fluctuations in currency exchange rates. In addition, collateral that is located outside of the United States may be subject to various laws enacted for the protection of creditors, depending on the country and the issuer, which laws may differ substantially from those applicable in the United States. In addition, non-U.S. investments may be denominated in currencies other than the U.S. Dollar, and hence the value of such investments will depend in part on the relative strength of the U.S. Dollar. A portfolio may be affected favorably or unfavorably by currency control regulations or changes in the exchange rate between non-U.S. currencies and the U.S. Dollar. In addition, a portfolio will incur costs in connection with conversions between various currencies. A portfolio may, but is not obligated to, engage in currency hedging operations. There can be no assurance as to the success of any hedging operations that a portfolio may implement. See “Hedging” below.

- *Hedging.* Some portfolios, to a limited extent, may utilize instruments such as forward contracts, currency options and interest rate swaps, caps, collars and floors to seek to hedge against fluctuations in the relative values of their portfolio positions as a result of changes in currency exchange rates and market interest rates. To the limited extent permitted by a Private Fund’s Offering Documents or an Account’s investment strategy, the Adviser will generally only sell securities or other assets short and enter into similar transactions for the purpose of hedging currency exposure or managing the duration of its portfolio positions. Such hedging transactions also limit the opportunity for gain. The success of hedging transactions will be subject to the ability of Adviser to correctly predict movements in and the direction of currencies and interest rates. Unanticipated changes in currency exchange rates or interest rates may negatively impact the overall performance of a portfolio. In the event of an imperfect correlation between a position in a hedging instrument and the portfolio position that it is intended to hedge, the desired protection may not be obtained and a portfolio may be exposed to additional risk of loss. It is not possible to hedge fully or perfectly against currency fluctuations affecting the value of securities denominated in non-U.S. currencies because the value of those securities is likely to fluctuate as a result of independent factors not related to currency fluctuations. Adviser may determine in its sole discretion not to hedge against certain risks, and certain risks may exist that cannot be hedged. There can be no guarantee that instruments suitable for hedging market shifts will be available at the time when a portfolio wishes to use them. The portfolio’s hedging arrangements that are undertaken through brokers, banks or other organizations will subject the portfolio to the risk of default or insolvency of such organizations. In such event, there can be no assurance that any money advanced to such organizations would be repaid or that the portfolio would have any recourse in the event of non-payment.
- *Investments in Emerging Markets.* Many of the risks with respect to foreign investments are more pronounced for investments in developing or emerging market countries, which include several countries in Asia, Latin America, Eastern Europe, Africa, and the Middle East. Many of these countries may have government exchange controls, currencies with no recognizable market value relative to the established currencies of developed market economies, little or no experience in trading in securities, no financial reporting standards, a lack of banking or securities infrastructure, and a legal tradition which does not recognize rights in private property. In addition, the laws of some emerging markets governing business organizations, bankruptcy and insolvency may make legal action difficult and produce little, if any, legal protection for investors.

- *Fixed Income Securities.* The prices of fixed income securities respond to economic developments, particularly interest rate changes, as well as to perceptions of an issuer's creditworthiness. Generally, fixed income securities decrease in value if interest rates rise and increase in value if interest rates fall, with lower rated securities more volatile than higher rated securities. The duration of these securities affects risk as well, with longer term securities generally more volatile than shorter term securities. Debt securities are also subject to creditor risks, including (i) the possible invalidation of investment transactions or payment in connection with such transactions as fraudulent conveyances or preferential payments under relevant creditors' rights laws or the subordination of claims under so-called "equitable subordination" common law principles, (ii) so-called "lender liability" claims by the issuer of the obligations and (iii) environmental liabilities that may arise with respect to collateral securing the obligations in circumstances where the creditor has taken title to such collateral during the exercise of remedies.

Certain investments may have an interest only payment schedule, with the principal amount remaining outstanding and at risk until the maturity of the investment. In such cases, a portfolio company's ability to repay the principal of an investment may be dependent upon the ability to refinance or a liquidity event or the long-term success of the company, the occurrence of which is uncertain. A debt obligation that is fully bearing payment-in-kind ("**PIK**") interest will generally have a higher risk of non-payment of interest because there will be no cash payments of interest from the borrower prior to maturity or refinancing.

- *High Yield Bonds.* Many of the debt instruments invested in the portfolios may be unrated and have limited public information. Fixed income securities that are below investment grade or unrated involve greater risks of default and are more volatile than investment grade securities. High yield bonds involve a greater risk of price declines than investment grade securities due to actual or perceived changes in an issuer's creditworthiness. High yield bonds are subject to a greater risk that the issuer may not be able to pay interest or dividends and ultimately to repay principal upon maturity.
- *Credit Risk.* A fundamental risk associated with debt investments in loans or debt and debt related securities is credit risk. Credit risk is the risk that an issuer will be unable to make principal and interest payments on its outstanding debt obligations when due. Adverse changes in the financial condition of an issuer (including those associated with the effects of changes in commodity prices) or in general economic conditions (or both) may impair the ability of such issuer to make payments and result in defaults on, and declines in, the value of investments. There can be no assurance that a portfolio company will generate sufficient cash to service its debt obligations, and, in such case, a portfolio may suffer a partial or total loss of invested capital.
- *Derivatives.* Derivatives involve the risks separate from the risks of the underlying instrument, including improper valuation and ambiguous documentation and the risk that changes in the value of the derivative may not correlate perfectly with the underlying instrument. Derivatives are also subject to other risks, such as the risk of an illiquid secondary market which may result in significant, rapid, and unpredictable changes in the prices for such derivatives, risks relating to the financial soundness and credit worthiness of the counterparty, and the risk of the failure of any of the exchanges on which a portfolio's positions trade or of their clearinghouses. The use of a derivative is speculative if Adviser is primarily seeking to enhance returns, rather than offset the risk of other positions. When Adviser invests client assets in derivatives for speculative purposes, the portfolio will be fully exposed to the risks of loss of that derivative, which may sometimes be greater than the cost of the derivative.

- *Subordinated Debt Investments.* A portfolio may make investments in hybrid debt investments at different levels of an issuer's capital structure, including subordinated debt instruments, which involve a high degree of risk with no certainty of any return of capital. Although subordinated debt obligations are senior to common stock and other equity securities in the capital structure, they may be subordinated to large amounts of senior debt and are often unsecured. The ability of the subordinated debt holders to influence a company's affairs, especially during periods of financial distress or following insolvency, is likely to be substantially less than that of senior creditors. For example, under the terms of subordination agreements, senior creditors are typically able to block the acceleration of the subordinated debt or other exercises by the subordinated creditors of their rights. Accordingly, a portfolio may not be able to take steps necessary to protect its investments in a timely manner or at all.
- *Secured Loans.* While an issuer's secured debt generally has priority over its unsecured debt, this is not always the case. For example, some secured loans may involve liens only on specified assets of an issuer. Furthermore, in the event of a filing by an issuer under chapter 11 of the U.S. Bankruptcy Code, the Bankruptcy Code authorizes the issuer to use a creditor's collateral and to obtain additional credit by grant of a priority lien on its property, senior even to liens that were first in priority prior to the filing, as long as the issuer provides "adequate protection" (as determined by the presiding bankruptcy judge) that may consist of the grant of replacement or additional liens or the making of cash payments to the affected secured creditor. The imposition of priority liens on a portfolio's collateral would adversely affect the priority of the liens and claims held by the portfolio and could adversely affect the portfolio's recovery on its secured debt investments.
- *Second-Lien Debt.* A portfolio's investments in second-lien loans will entail risks, including (i) the subordination of the liens securing the portfolio's claims to a senior lien in terms of the coverage and recovery of the collateral and (ii) the prohibition of, or limitation on, the right to foreclose on a second lien or exercise other rights as a second-lien holder (including unsecured creditors' rights). In certain cases, therefore, no recovery may be available to the portfolio from a defaulted second-lien loan. The level of risk associated with investments in second-lien loans increases to the extent such investments are loans of distressed or below investment grade companies.
- *Potential Additional Government or Market Regulation.* Market disruptions and the dramatic increase in the capital allocated to alternative investment strategies during recent years have led to increased governmental scrutiny and regulation of the "private equity" industry as private equity firms become more significant participants in the global economy. The SEC, Congress, state legislatures, state securities administrators and governing bodies of non-U.S. jurisdictions could seek to impose greater regulation on the "private equity" industry. It is impossible to predict what, if any, additional changes in regulation applicable to a Private Fund or Adviser, the markets in which they invest or the counterparties with which they do business may be instituted in the future. Any such regulation directly or indirectly could have a material adverse effect on the profit potential of a portfolio, as well as require increased transparency as to the identity of its investors.

### **C. Portfolio Investment Risks**

The Clients managed by Adviser invest primarily in companies providing products and services in the energy sector. Risks specific to this type of investment may include (but are not limited to):

- *Investments in Oil and Gas.* Certain of the portfolio companies may be subject to the risks inherent in acquiring or developing recoverable oil and natural gas reserves, including capital expenditures for the identification and acquisitions of projects, the drilling and completing of wells and the conduct of development and production operations. The presence of unanticipated pressures or irregularities in formations, miscalculations or accidents may cause such activity to be unsuccessful, which may result in losses. Furthermore, successful investment in oil and natural gas properties and other related facilities and properties requires an assessment of (i) recoverable reserves; (ii) production rates; (iii) future oil and natural gas prices; (iv) operating and capital costs; (v) potential environmental and other liabilities; and (vi) other factors; such assessments are necessarily inexact and their accuracy inherently uncertain. Also, the revenues generated by certain of the companies in which a portfolio invests may be dependent on the future prices of and the demand for oil and natural gas, or alternative fuel sources which can be used for energy generation in lieu of oil and natural gas.

Various factors beyond the control of a portfolio will affect the price of oil, natural gas and natural gas liquids, including the worldwide supply of oil and regional supply of natural gas, as well as political instability or armed conflict in oil and natural gas-producing regions, the price of non-U.S. imports, the value of the U.S dollar, the level of consumer demand, the price and availability of alternative fuels, the availability of pipeline, terminal or refinery capacity and changes in existing government regulation, taxation and price controls. While natural gas prices are vulnerable to worldwide dynamics, because natural gas is typically consumed locally due to the high cost of transporting it over long distances, prices are more immediately affected by regional dynamics. Prices for oil, natural gas and natural gas liquids have fluctuated greatly in the past, and markets for oil, natural gas and natural gas liquids continue to be volatile.

Further, to the extent a portfolio invests in or receives royalty interests, the portfolio will generally receive revenues from those royalty interests only upon sales of oil, gas and other hydrocarbon production or upon sale of the royalty interests themselves. There can be no assurance that reserves sufficient to provide the expected royalty income will be discovered or produced.

- *Investments in the Power Industry.* For much of its history, the power sector, and particularly the utility industry within this broader sector, was characterized by institutional stability and predictability of financial performance. The advent of deregulation, privatization, technological change and market volatility has created a much less stable sector with substantially greater variability of company performance in developed markets as well as emerging markets, where these changes are much more recent. There can be no assurance that the pace or direction of the change will be in accord with the expectations of the Adviser, nor that the industry changes will benefit investments made by the portfolio. Investing in power facilities and related assets is subject to a variety of risks, not all of which can be foreseen or quantified, including operating, economic, environmental, commercial, and financial risks. These risks may be magnified in emerging markets. See “Investments in Emerging Markets”.

Investing in power facilities and related assets is subject to a variety of risks, including operating, economic, environmental, commercial, regulatory, political and financial risks. Risks include higher than anticipated operating and maintenance costs, loss of sale and supply contracts or fuel contracts, bankruptcy of key customers or suppliers, the breakdown or failure of pipelines, transmission lines, power generation equipment or other equipment or processes and performance below expected levels of output or efficiency. Although each project typically contains certain redundancies and back-up mechanisms and insurance is maintained to protect against the effects of certain operating risks, such redundancies and back-up mechanisms may not cover every

operating contingency, and the proceeds of such insurance may not be adequate to cover lost revenues or increased expenses. Actual cash flow generating ability of the portfolio companies will be influenced by (among other things) (i) the technology employed in the power generation plants or other assets; (ii) demand/pricing considerations; (iii) changes in regulations and subsidy regimes affecting the power industry; (iv) competition from other power generation plants that may have lower production costs and operating and maintenance costs; and (v) fluctuations in fuel prices. There is no assurance that a portfolio's investments will be profitable or generate cash flow sufficient to service debt owed to the portfolio or provide a return on or recovery of amounts invested by the portfolio therein.

- *Construction Risks and Adequacy of Insurance.* The construction of any project involves many risks, including delays or shortages of construction equipment, material and labor, work stoppages, labor disputes, weather interferences, unforeseen engineering, environmental and geological problems, difficulties in obtaining requisite licenses or permits and unanticipated cost increases, any of which could give rise to delays or costs overruns. Adviser may attempt to minimize construction-related risks through fixed price or "turnkey" construction contracts with experienced and creditworthy construction contractors. The construction contracts will typically require the contractor to carry substantial insurance or have adequate resources and to pay liquidated damages in the event of failure of performance by the contractor. There can be no assurance, however, that liquidated damages or insurance payments would be sufficient to pay for any increased costs or to replace reduced revenues resulting from a completed facility that does not meet, or is late in meeting, its performance specifications.
- *Environmental Matters.* Energy and resource companies are subject to numerous environmental laws and regulations in each country in which they operate. Some of the most onerous requirements regulate air emissions of pollutants such as sulfur dioxides, nitrogen oxides and particulate matter. The uncertain and ever changing regulatory environment in which generators operate in the United States and elsewhere makes it likely both that generators will face increased operating costs in the years ahead and that the relative competitive position of various fuel types and generation technologies will change. Certain possible changes in the environmental laws and regulations applicable to generators in the United States and elsewhere could affect the performance of one or more of a portfolio's investments to an extent that would have a material adverse effect on the portfolio. The environmental liability risks related to power generation and other power facilities or other tort liability in excess of insurance coverage may adversely affect the value of the portfolio companies in a portfolio and the overall performance of a portfolio.

In addition, portfolio investments can have a substantial environmental impact. As a result, community and environmental groups may protest about the development or operation of a portfolio company, and these protests may induce government action to the detriment of such portfolio companies or other nearby facilities. Ordinary operation or occurrence of an accident with respect to portfolio companies 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.

- *Legal and Regulatory Matters.* Power generation and transmission, as well as oil, natural gas and coal storage, handling, processing and transportation, are extensively regulated. Failure to obtain or a delay in the receipt of relevant governmental permits or approvals, including regulatory approvals, could hinder operation of an investment and result in fines or additional costs. Moreover, the adoption of new laws or regulations, including those with respect to the emission of greenhouse gasses, or changes in the interpretation of existing laws or regulations or changes



in the persons charged with political oversight or such laws or regulations, could have a material adverse effect upon a portfolio company and could necessitate the creation of new business models and the restructuring of investments in order to meet regulatory requirements, which may be costly and/or time-consuming.

- *Bankruptcy of Portfolio Companies.* Portfolio companies that may experience financial difficulties and become insolvent or file for bankruptcy protection. Various U.S. and non-U.S. laws in connection with such bankruptcy proceedings could operate to the detriment of a portfolio. There is also a risk that a court may subordinate a portfolio's investment to other creditors or require a portfolio to return amounts previously paid to it by a portfolio company that became insolvent or files for bankruptcy, a risk that could increase if the portfolio has management rights in such portfolio company.

## **ITEM 9 – DISCIPLINARY INFORMATION**

Adviser is obligated to disclose any disciplinary event that would be material to a Client when evaluating a client/adviser relationship. Adviser has no such legal or disciplinary events required to be disclosed pursuant to this Item 9.

## **ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES OR AFFILIATIONS**

### **A. Registration as a Broker-Dealer or Registered Representative**

Not applicable.

### **B. Registration as a Futures Commission Merchant, Commodity Pool Operator, Commodity Trading Adviser or Associated Person**

Not applicable.

### **C. Material Relationships and Conflicts of Interest**

The general partners of certain of the Private Funds are generally affiliated with Adviser by common ownership.

Adviser is affiliated by common ownership with EIG Management Company and certain related advisers and general partners of EIG Management Company, which are investment advisers registered with the SEC. EIG Management Company provides investment advice to certain Private Funds and Accounts. Adviser and EIG Management Company are subject to the same compliance policies and procedures and Code of Ethics, including the Investment Allocation Policy, as described in Item 6.

Certain inherent conflicts of interest arise from the fact that: (i) EIG provides investment management services to more than one Client; (ii) a portion of fees and expenses may be shared among EIG affiliate advisers; and (iii) Clients may have one or more overlapping or conflicting investment objectives. Should conflicts of interest arise in the context of these relationships, they will be addressed in accordance with the EIG's Code of Ethics (described in further detail in Item 11 below), and in the governing documents of the Clients, as applicable.

Adviser may from time to time enter into a side letter agreement with one or more investors in a Private Fund which may, among other terms, provide for (i) a reduced management fee and/or reduced performance-based compensation, or (ii) greater or more frequent transparency with respect to the Private

Fund. Any material economic change resulting from a side letter agreement is required to be disclosed to all investors and a Private Fund cannot agree to side letter provisions that would alter the terms of the partnership agreement with respect to other investors.

Certain associated persons of the Adviser may serve on the boards of directors of portfolio companies in which Clients invest. Serving in such capacity may give rise to conflicts to the extent that such associated person's fiduciary duties to a portfolio company as a director may conflict with the interests of Clients. In general, such director positions are often important to Clients' investment strategies and may have the effect of enhancing the ability of the Adviser to manage investments. However, such positions may have the effect of impairing the ability of the Adviser to sell the related securities when, and upon the terms, it may otherwise desire. In addition, such positions may place the Adviser's investment personnel in a position where they must make a decision that is either not in the best interests of Clients or not in the best interests of the shareholders of the portfolio company. Depending on the nature of the conflict, the Adviser may require an associated person to resign from a board to mitigate or eliminate such conflict. Should investment personnel make a decision that is not in the best interests of the shareholders of a portfolio company, such decision may subject the Adviser and one or more Clients to claims that they would not otherwise be subject to as an investor, including claims of breach of the duty of loyalty, securities claims and other director-related claims. In general, Clients will indemnify the Adviser and its partners and principals from such claims.

Certain Private Funds have advisory committees that consist of the representatives of certain investors in such Private Fund. Any approval or consent given by such investment committee tends to be binding on such Private Fund and all of its investors. Advisory committees may in some instances also be authorized to give approvals or consents required under the Advisers Act, including under Section 206(3) of the Advisers Act. To the extent that an investor is not represented by a member of a Private Fund's advisory committee, such investor will have no influence over matters submitted to the advisory committee for approval. Although Adviser has adopted policies and procedures designed to manage certain conflicts among Private Funds, members of the advisory committees may themselves have conflicts of interest that do not disqualify such members from voting or consenting to matters submitted for consideration or review to the investment committees on which they serve. For example, in a cross trade situation where Adviser arranges for a Private Fund to purchase an investment from, or sell an investment to, another Private Fund, if an advisory committee member has an interest in both Private Funds involved in the cross trade, such member may favor one Private Fund over the other if such member's interests are more aligned with the Private Fund it favors. In addition, if the member has an interest adverse to the Adviser, it may not act in the best interest of the Private Fund that it represents. While the Adviser may adopt policies or procedures to address such conflicts in the future, it has not done so to date, and it may not be possible to entirely eliminate such conflicts.

In addition, the Adviser and its personnel may have conflicts in allocating their time and service among Clients. Neither Adviser nor its related persons are obligated to allocate any specific amount of time or investment opportunities to a particular Client. Adviser and its related persons intend to devote as much time as they deem necessary for the conduct of each Client's operation and portfolio management, and will allocate investment opportunities in accordance with Adviser's Investment Allocation Policy described in Item 6 above.

As disclosed in Item 5.A and subject to applicable law, Adviser or its affiliates, may receive transaction fees, origination fees, break-up fees and other similar fees from companies in which a Private Fund may invest (also known as acquisition and disposition fees). In addition, such companies may agree to reimburse Adviser for its expenses incurred in evaluating and/or consummating an investment. In most cases, a negotiated portion of these amounts, often 100%, net of related expenses, may be credited against the management fees payable to Adviser by the applicable Private Fund. The existence of acquisition and

disposition fees, if any, could create an incentive to acquire or dispose of assets based on compensation received versus a Client's needs. Adviser may have a conflict of interest to the extent that it has an opportunity to earn a fee from an acquisition or disposition by a Client. However, in many instances the management fee is offset for such fees and Adviser believes that the management fee offset provisions and the equity commitment by the Adviser and its affiliates in Private Fund clients substantially mitigates this incentive. Any fees paid by a portfolio company or a Client are required to be on an arm's-length basis and on terms that are no less favorable to the Client or portfolio company that would be obtained in a transaction with an unaffiliated party.

Associated persons of the Adviser may, from time to time, come into possession of material non-public information in relation to certain parties that may be involved with one or more transactions contemplated on behalf of Clients. EIG maintains a Code of Ethics, as described in Item 11 below and provides training to supervised persons with respect to conflicts of interest and how such conflicts are resolved under EIG's policies and procedures. For example, EIG maintains a list of restricted securities and associated persons are subject to trading restrictions and are prohibited from engaging in transactions with respect to the securities or instruments of any company to whom the material, non-public information relates. In addition, EIG may establish information barriers to separate persons who make investment decisions from others who might possess material non-public information that could influence such decisions.

It is possible that the internal controls relating to the management of material non-public information could fail and result in EIG, or one of its associated persons, buying or selling a security while, at least constructively, in possession of material non-public information. Inadvertent trading on material non-public information could have adverse effects on the reputation of EIG, result in the imposition of regulatory or financial sanctions, and as a consequence, negatively impact Adviser's ability to perform investment management services on behalf of Clients.

From time to time, various potential and actual conflicts of interest may arise from the overall advisory, investment and other activities of EIG, its affiliates, and their respective personnel. EIG will endeavor to resolve conflicts with respect to investment opportunities in a manner it deems equitable to the extent possible under the prevailing facts and circumstances. With respect to the Private Funds, as described in Item 11.D below, certain conflicts may also be resolved subject to the approval of the respective advisory committee of the participating Private Funds.

#### **D. Recommendation of Other Investment Advisers**

From time to time, certain Clients or investors in the Private Funds managed by Adviser may invest in other Private Funds, Managed Accounts or Registered Funds managed by EIG affiliated investment advisers.

### **ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

#### **A. Code of Ethics**

In order to address conflicts of interest, EIG has adopted a code of ethics (the “**Code**”) pursuant to Rule 204A-1 under the Advisers Act which is applicable to all of EIG's officers, managers, members, and employees (collectively, “**Employees**”). EIG's Code generally sets the standard of ethical and professional business conduct that EIG requires of its Employees, requires Employees to comply with applicable federal securities laws and regulations, and sets forth provisions regarding personal securities transactions by Employees. Additionally, the Code sets forth EIG's policies and procedures with respect

to material, non-public information and other confidential information, and the fiduciary obligations that EIG and each of its Employees owes to each advisory client. The Code is circulated at least annually to all Employees, and each Employee at least annually must certify in writing that he or she has received and followed the Code and any amendments thereto. EIG will provide a copy of the Code to any client or prospective client, free of charge, upon request.

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

Subject to applicable law, EIG or its related persons may engage in securities transactions with certain Clients or may recommend investments in portfolio companies in which EIG or a related person has a beneficial or financial interest. For example, Employees, including, key personnel of EIG generally will also be invested directly or indirectly in the pooled investment vehicles offered to outside investors, subject to applicable law, and the performance-based compensation and/or management fees payable by such vehicle may be separately negotiated by EIG resulting in some cases with employee investments in a Private Fund not being charged a Management Fee or Carried Interest. Potential conflicts also may arise due to the fact that EIG and its associated persons may hold investments in some Private Funds but not in others or may have different levels of investments in the various Private Funds.

In addition, co-investment opportunities in portfolio companies may be offered to some but not all Private Fund investors, Account clients and/or EIG's advisory personnel or Employees. Because of the potential for conflicts of interest that could arise with respect to co-investments, any allocation by EIG of an investment opportunity to a co-investor or a Co-Investment Private Fund is subject to the Investment Allocation Policy set forth in Item 6 above.

EIG may offer co-investment opportunities in Private Fund investments to one or more third-party co-investors to the extent it deems advisable in its sole discretion, including persons that are not Private Fund investors, regardless of whether or not EIG offers such co-investment to the Private Fund Investors. Co-investment opportunities may also be offered to EIG affiliates, officers, employees, consultants, or other persons or entities. The general partner, board of directors or other managing body of a Client will determine the extent to which the investment opportunity will also be offered to co-investors, and to which co-investors and in what amounts, taking into account the relevant investment considerations and the following principles, among other factors: (i) the potential co-investor's interest in making co-investments (including as expressed in side letters), (ii) any agreed upon priority of notification as spelled out in related organizational documents, (iii) the commitment amount of the potential co-investor to the Private Fund or other Client making the investment, (iv) the potential co-investor's capacity to evaluate, commit to and fund the co-investment opportunity (and any follow-on investments) in the time period required, (v) the potential co-investor's reliability and history of making similar co-investments, (vi) any specialized knowledge, skills or access the potential co-investor may possess that may enhance the value of a proposed investment, and (vii) any other matter that causes the general partner, board of directors, or other managing body of such Private Fund or other Client to believe that an investment by a particular co-investor would be in the best interests of that Private Fund or other Client.

EIG and its related persons generally do not purchase any securities for their own accounts from, or sell any securities for their own accounts to, Clients. However, periodically, subject to applicable Client investment guidelines and restrictions and applicable law, EIG may direct one Client to sell securities to another Client through an internal cross transaction. Cross transactions may be viewed as principal transactions due to the ownership interest in the Client by EIG and its related persons.

Cross transactions and principal transactions may give rise to conflicts of interest between Clients of EIG. For example, one Client could be advantaged to the detriment of another Client in the event that the securities being exchanged are not priced in a manner that reflects their fair value. In addition, EIG could use its investment authority to transfer unappealing securities from one Client to another Client. To the extent that any such cross transaction may be viewed as a principal transaction due to the ownership interest in the Client by EIG and its related persons, EIG will comply with the requirements of Section 206(3) of the Advisers Act and its internal policies and procedures. For example, when reviewing a proposed principal transaction or cross transaction, EIG will confirm, among other things: (i) that such transaction will be consistent with the investment objectives and policies of each Client involved in the transaction and (ii) that the transaction is effected at fair value.

Adviser may solicit qualified Account clients to invest in a Private Fund or a Registered Fund subject to applicable law. Adviser could be considered to have recommended an investment in the Private Fund or Registered Fund as suitable for an Account client as a result of the relationship between Adviser and the Private Fund or Registered Fund. Adviser will inform each Account client of its relationship with a Private Fund or Registered Fund prior to the Client's investment, but does not intend to advise Account clients as to the appropriateness of the investment and will not receive any compensation for doing so or for selling interests in a Private Fund or Registered Fund (except to the extent that Adviser receives Management Fees and performance-based compensation from all investors of the Private Fund or Registered Fund).

Adviser discloses these potential conflicts of interest to investors in the Offering Documents of the Private Fund, the Prospectus of a Registered Fund, and the Advisory Agreement of the Account client. These materials are delivered to Private Fund investors, Registered Fund investors, and Account clients prior to their investment; and Private Fund investors, Registered Fund investors, and Account clients are given the opportunity to ask questions and seek answers regarding, among other things, potential conflicts involving Adviser, its affiliates, or the executive officers of the foregoing. EIG has instituted procedures designed to ensure that any affiliated transactions are at arms' length. For instance, in cases of principal transactions involving a Private Fund and Adviser or a related person, approval by the advisory committee or investors, as set forth in the Private Fund's Offering Documents, may be required as a condition to such a transaction.

### **C. Personal Trading**

EIG recognizes that there is a risk that Employees will compete with a Client or otherwise engage in personal securities transactions at the expense of a Client's interest.

EIG's Code requires that all Employee transactions be carried out in a way that does not endanger the interest of any Client. The Code establishes certain pre-clearance procedures and a securities transaction reporting system that is designed to monitor transactions in Employees' personal accounts and prevent any conflicts that may arise between Employees' personal securities transactions and transactions for clients of EIG. For purposes of the policy, an Employee's "personal account" generally includes any account (i) in the name of the Employee, his/her spouse, his/her minor children or other dependents residing in the same household, (ii) for which the Employee is a trustee or executor, or (iii) which the Employee controls, including EIG's client accounts which the Employee controls and in which the Employee or a member of his/her household has a direct or indirect beneficial interest.

Under EIG's Code, all Employees are generally prohibited from trading in securities of energy companies and key management personnel (as defined in EIG's Code) are further prohibited from trading securities except in a non-discretionary account. Additional restrictions on personal trading of the portfolio

securities of a Private Fund may be imposed on certain Employees at the discretion of EIG or pursuant to a Private Fund's Offering Documents.

#### **D. Concurrent Trading Activity**

As Adviser deals primarily with private securities purchased directly from the issuer, Adviser will generally not be able to aggregate securities transactions for Clients. However, where available and appropriate, EIG may aggregate purchases or sales of any security effected for a Client's account with purchases or sales of the same security effected on the same day for other Client accounts. When transactions are aggregated, the actual prices applicable to the aggregated transaction will be averaged, and all participating accounts will be deemed to have purchased or sold its share of the security, instrument or obligation involved at such average price. Further, all transaction costs incurred in effecting the aggregated transaction will be shared on a *pro rata* basis among all participating accounts.

Subject to applicable law, certain Clients may invest in different parts of the capital structure of the same portfolio company. For example, one Client may invest in debt securities issued by a portfolio company in which another Client has a controlling or other equity interest. The interests of the Clients may not always be aligned, which may give rise to actual or potential conflicts of interest, or the appearance of such conflicts of interest. Actions taken for a Client may be adverse to another Client. EIG recognizes that conflicts may arise under such circumstances and will endeavor to treat all Clients fairly and equitably.

Subject to applicable law, EIG may cause different Clients to invest at different times in a single portfolio company, for example, where a client that made an initial investment in a portfolio company does not, when an opportunity to make a follow-on investment in the company subsequently arises, have sufficient capital for such investment. Follow-on investments present conflicts of interest, including determination of the equity component and other terms of the new financing. In addition, a Client may participate in re-leveraging and recapitalization transactions involving portfolio companies in which other funds have invested or will invest. Recapitalization transactions may present conflicts of interest, including whether existing investors are paying too high or too low a price for the company or purchasing securities with terms that are more or less favorable than the prevailing market terms. Additionally, EIG may give advice or take action with respect to the assets of one or more Clients that may not be given or taken with respect to other Clients with similar investment programs, objectives, and strategies. Accordingly, Clients sharing similar strategies may not hold the same securities or instruments or achieve the same performance.

Since participation in specific investment opportunities may be appropriate, at times, for more than one Client, EIG has established an Investment Allocation Policy, as described in Item 6 above. The Investment Allocation Policy has been adopted to ensure that each Client is treated in a manner that, over time, is fair and equitable and to take into account the fact that certain Clients may have broad investment mandates that overlap.

EIG expects to resolve all such conflicts in its sole discretion using its best judgment, but subject, in certain cases, to approval by the respective advisory committees of the participating Private Funds.

### **ITEM 12 – BROKERAGE PRACTICES**

#### **A. Selection of Broker-Dealers**

##### *Execution Quality*

While the Clients of the Adviser primarily makes its investments directly with the issuers of the securities in which it is investing, there may be situations where it places trades through a broker, particularly if there has been a liquidity event. In such circumstances, Adviser will seek “best execution” in light of the circumstances involved in transactions. In selecting a broker for any transaction, Adviser may consider a number of factors, including, for example, broker’s reputation, net price or spread, reputation, financial strength and stability, volume/capacity, market access, efficiency of execution and error resolution, and the size of the transaction. Adviser will not obligate itself to obtain the lowest commission or best net price for a client on any particular transaction. EIG has established a Brokerage Oversight Committee that is responsible for the oversight of its brokerage practices. The Brokerage Oversight Committee monitors transaction results as orders are executed to evaluate the quality of execution provided by the various brokers and dealers it uses, to determine that compensation rates are competitive and otherwise to evaluate the reasonableness of the compensation paid to those brokers and dealers in light of all the factors described above.

*Research and Other Soft Dollar Benefits.* While Adviser generally acquires securities in direct transactions with the issuers and does not intend to have any soft dollar arrangements, any decisions involving soft dollars will be made in a manner that satisfies the requirements of the safe harbor provided by Section 28(e) of the Securities Exchange Act of 1934, as amended. That is, Adviser will generally determine, considering all appropriate factors, that commissions and fees paid are reasonable in relation to the value of all the brokerage and research products and services provided by the broker-dealer.

*Brokerage for Client Referrals.* Not applicable.

*Directed Brokerage.* Adviser’s authority may be subject to conditions imposed by an Account client, examples of which may include: (i) where the Account client restricts or prohibits transactions in a certain industry, issuer or security and/or (ii) where the Account client directs that some or all account transactions be effected through specific brokers or dealers. In the latter case, the Account client is responsible for negotiating the terms and conditions (including, but not limited to, commission rates) relating to all services to be provided by such brokers. Adviser will assume no responsibility for obtaining the best prices or any particular commission rates for transactions with or through any such broker for the Account client’s account. An Account client must recognize that it may not obtain rates as low as it might otherwise obtain if Adviser had discretion to select brokers or dealers other than those chosen by the Account client. Any Account client providing instructions to Adviser regarding direction of brokerage transactions must notify Adviser in writing if the Account client desires Adviser to cease executing transactions with or through any such broker or dealer.

## **B. Aggregation of Orders**

See Item 11(D) above.

## **ITEM 13 – REVIEW OF ACCOUNTS**

### **A. Periodic Account Review**

The investments made by the Clients are generally private, illiquid and long-term in nature. Accordingly, the review process is not directed toward a short-term decision to dispose of securities. However, Adviser closely monitors the portfolio companies in which the Clients invest and occasionally maintains an ongoing oversight position on the board of directors of some portfolio companies. The Adviser has an internal structure which allocates responsibilities for oversight of the portfolio investment of the Clients to appropriate senior investment professionals. All Clients are reviewed on a regular basis, both informally and formally, through scheduled periodic meetings of the relevant investment professionals

and investment committees. Account reviews focus on the review of all portfolio securities using fundamental and technical analysis and monitor operations performance, financial performance and strategic direction of each portfolio investment owned by the Client. Particular attention is given to changes in company fundamentals, industry outlook, market situation, general economic trends, and relative/absolute valuation levels.

## **B. Non-Periodic Account Review**

Other than the periodic review of accounts described above, a review of Client accounts may be triggered by any significant unexpected event, which may include market or liquidity events.

## **C. Client Reports**

Adviser provides unaudited monthly written account statements to Private Fund investors and Account clients, which includes summary investment information. In addition, Adviser provides via electronic transmission quarterly unaudited financial statements to Private Fund investors. The qualified custodian provides hardcopies of unaudited account statements to each Account client. Each Private Fund investor also receives via electronic transmission annual audited financial statements and, if necessary, annual tax information for completion of its individual tax returns.

Adviser, in its discretion, may provide more frequent reports and/or more detailed information to all or any of the investors in the Private Fund or Account clients. Hardcopies of any electronically transmitted quarterly and annual financial statements are provided upon request to Private Fund investors or Account clients.

Adviser along with a Registered Fund's investment adviser will provide an unaudited semi-annual report and an audited annual report to shareholders of the Registered Fund.

## **ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION**

### **A. Compensation by Non-Clients**

From time to time and subject to applicable law, Adviser or its affiliates, members, officers or employees may receive transaction fees, origination fees, monitoring fees, advisory fees, break-up fees and other fees from companies in which a Client may invest. In addition, such companies may agree to reimburse Adviser for its expenses incurred in evaluating and/or consummating an investment. In certain circumstances, a negotiated portion of these amounts, net of related expenses, may be credited against the management fees payable to Adviser by the applicable Account or Private Fund.

### **B. Compensation for Client Referrals**

Adviser notes that it may from time to time engage, or cause the Private Funds to engage, one or more persons to act as a placement agent for a Private Fund in connection with the offer and sale of interests to certain prospective investors. Adviser requires placement agents to have all appropriate licenses and registrations to conduct their business, including when applicable, to be registered as broker-dealers with the SEC and to be members of the Financial Industry Regulatory Authority. Alternatively, Adviser may bear such fees or elect to reduce its management fee to the extent of any placement fees borne by the Private Fund.

Adviser may enter into solicitation arrangements pursuant to which it compensates a third-party intermediary for client referrals that result in the provision of investment advisory services by Adviser.



Any cash solicitation arrangements will comply with Rule 206(4)-3 under the Advisers Act. Solicitors introducing clients to Adviser may receive compensation from Adviser, such as a retainer and/or a percentage of introduced capital. Such compensation will be paid pursuant to a written agreement with the solicitor and generally may be terminated by either party from time to time, any such compensation generally will be borne entirely by Adviser and not by any affected client.

## **ITEM 15 – CUSTODY**

### **Private Funds**

Except for certain privately offered securities, Adviser does not maintain physical possession of the funds or securities of the Private Funds. Custody of the Private Fund assets is maintained with a qualified custodian selected by Adviser in its sole discretion, which selection may change from time to time without the consent of investors in the Private Funds. Although Adviser does not have physical possession or custody of any Private Fund assets (other than certain privately offered securities), pursuant to Rule 206(4)-2 under the Advisers Act (the “**Custody Rule**”), Adviser is deemed to have “constructive” custody of Private Fund assets by virtue of Adviser’s relationship with the Private Funds. Under the governing agreement, Adviser may cause management fees and, if applicable, performance-based compensation to be paid out of the Private Fund, by the qualified custodian.

In order to comply with the Custody Rule, the Private Funds undergo an annual audit performed by an independent accounting firm registered with, and subject to inspection by, the Public Company Accounting Oversight Board (PCAOB). The audited financial statements are distributed to all investors in each Private Fund.

To the extent that Adviser is deemed to have custody of the underlying assets of a Private Fund that does not conduct an annual audit, Adviser engages a major accounting firm registered with the PCAOB to subject such assets to a surprise audit. In these circumstances, the qualified custodian will send quarterly account statements to the investors of the Private Fund.

### **Managed Accounts**

Adviser does not maintain physical possession or custody of the funds or securities that a client transferred to an Account. Unless otherwise instructed in writing by an Account client, the assets transferred by an Account client will typically be deposited with a qualified custodian selected in accordance with Adviser’s Advisory Agreement with the Account client. Under the Advisory Agreement, Adviser may cause management fees and, if applicable, performance-based compensation to be paid out of the Account by the qualified custodian.

Accounts will receive monthly account statements from Adviser and quarterly statements from the qualified custodian. **Adviser urges Account clients to carefully review and compare the statements they receive from the qualified custodian with those they receive from Adviser.**

### **Registered Funds**

The Adviser will not have custody of the assets of any Registered Fund, which must, pursuant to the Investment Company Act, employ a qualified custodian to hold its assets.

## **ITEM 16 – INVESTMENT DISCRETION**

Subject to any investment restrictions set forth in the Offering Documents of a Private Fund or the Advisory Agreement of an Account client, Adviser has discretionary authority to make the following determinations without obtaining the consent of any Private Fund or Account client before the transactions are effected:

- the securities that are to be bought or sold;
- the total amount of the securities to be bought or sold;
- the brokers, investment banks or placement agents through which securities are to be bought or sold; and
- the commissions, fees or other rates at which securities transactions for a Private Fund or Account are effected.

Adviser's discretionary authority is derived from its authority as the investment manager of each Private Fund or Account and its authority pursuant to an investment management agreement entered into by Adviser and the Private Fund or Account.

Adviser's discretionary authority with respect to an Account client may be subject to the client's ability to direct Adviser to effect brokerage business for its Account to a particular broker. See Item 12(A) above.

With respect to any Registered Fund for which Adviser serves as sub-adviser, all investment decisions for the Registered Fund must be made by the mutual agreement of Adviser and the Registered Fund's investment adviser.

## **ITEM 17 – VOTING CLIENT SECURITIES**

Generally, Adviser invests, on behalf of its clients, in private securities (although on occasion clients may hold publicly traded securities) and it is not expected that Adviser will be required to vote proxies with respect to the assets owned by a Client. In the event that Adviser is required to vote proxies on behalf of its clients, except to the extent that a Client otherwise instructs Adviser in writing, Adviser will vote (by proxy or otherwise) in all matters for which a shareholder vote is solicited by, or with respect to, issuers of securities beneficially held by a Private Fund or in an Account in accordance with EIG's proxy voting policies and procedures (the "**Policies**").

Regardless of how Adviser obtains voting authority in client securities (at time of acquisition or upon certain triggering events), Adviser endeavors to vote in such a way as to satisfy the goals and objectives of the particular client and pursuant to any written arrangements with a Private Fund or Account. Consistent with the requirements of Rule 206(4)-6 under the Advisers Act, before voting client securities, Adviser's investment teams will consider all the relevant facts and circumstances surrounding the matter to be voted upon and any documents provided in connection with such matter, and will establish that: (i) there is a clear understanding of the vote at hand, (ii) any potential conflicts of interest are identified and communicated to the client prior to voting, and (iii) disclosure is provided as to how clients may obtain information on how their securities were voted.

Upon request to Adviser, Private Fund investors or Account clients may obtain a copy of EIG's Policies or information on how Adviser voted shares on behalf of the Private Fund or Account, as applicable.

With respect to any Registered Fund for which Adviser serves as sub-adviser, all investment decisions for the Registered Fund must be made by the mutual agreement of Adviser and the Registered Fund's investment adviser.

**ITEM 18 – FINANCIAL INFORMATION**

At this time, Adviser is not aware of any financial condition that could impair its ability to meet its contractual obligations to its Clients. Adviser has not been the subject to any bankruptcy petitions, including in the past ten years.

**ITEM 19 – REQUIREMENTS FOR STATE-REGISTERED ADVISERS**

Not applicable.