

# Proterra Investment Partners LP

## Part 2A of Form ADV The Brochure

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This brochure provides information about the qualifications and business practices of Proterra Investment Partners LP (“Proterra” or “Company”). If you have any questions about the contents of this brochure, please contact us at (612) 257-7900. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Proterra is a registered investment adviser. Registration does not imply a certain level of skill or training.

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

## Material Changes

This Item of the brochure will discuss only specific material changes that are made to the brochure and provide clients with a summary of such changes. The last update of our brochure was March 28, 2019. This amendment filing to our brochure, dated March 30, 2020, reflects changes to the following items within this document:

- Advisory Business: We describe a partial sale of Proterra, which commenced in 2019
- Methods of Analysis, Investment Strategies and Risk of Loss: We included a risk factor describing Pandemic Risk
- Brokerage Practices: We added language to address the use of Cross Trades in Proterra's Funds

If you are interested in receiving the most current copy of our brochure, please contact Investor Relations by email at [ir@proterrapartners.com](mailto:ir@proterrapartners.com).

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## **Advisory Business**

Proterra is a Delaware limited partnership, established in 2015 and is owned by Richard Gammill, Brent Bechtle, James Sayre and Torben Thordsen (collectively, the “Founders”). In September 2019, Proterra secured a minority, non-voting investor (Pacific Current Group) who purchased a 16% stake in the firm. The Company’s main operations are located in Minneapolis, Minnesota.

Proterra provides investment management services to private pooled investment vehicles (“Private Funds” or “Funds”) offered to investors on a private placement basis. Proterra has various related entities that serve as either the managing members or general partners for the Funds. The interests in the Funds are not registered under the Securities Act of 1933, as amended, and the Funds themselves are not registered under the Investment Company Act of 1940, as amended. Accordingly, interests in the Funds are offered and sold exclusively to investors satisfying the applicable eligibility and suitability requirements in private transactions within the United States. Any such offer or solicitation of interests will be made pursuant to the confidential private placement memoranda for the Funds (the “PPM”), which should be read carefully prior to investing for a description of the merits and risks of such an investment.

The Private Funds are managed according to the terms set forth in each Fund’s PPM, limited partnership agreement and/or other governing documents applicable to the Fund (the “Offering Documents”), and the investment objectives for each of the Private Funds are set out in the Offering Documents that have been provided to investors. The roles and responsibilities of Proterra are defined in the Investment Advisory Agreements between Proterra and the Private Funds and in the Sub-Advisory Agreements (collectively, “Advisory Agreements”) between Proterra and its subsidiaries.

Proterra assumed management of certain Private Funds on January 1, 2016 (the date of such assumption is referred to herein as the “Assumption Date”) from Black River Asset Management LLC (“Black River”), a formerly SEC registered investment adviser, who performed the investment management services for the Private Funds prior to the Assumption Date. Black River is a wholly owned subsidiary of Cargill, Incorporated (“Cargill”), a privately owned corporation that is an international marketer, processor and distributor of agricultural, food, financial and industrial products and services. After the Assumption Date, former employees of Black River involved in the management of the Private Funds became partners and employees of Proterra (including the Founders), and neither Black River nor Cargill has any ownership interest in Proterra. However, Cargill and certain former Black River employees remain investors in the Funds.

As of December 31, 2019, Proterra manages approximately \$3,179,524,295 of regulatory assets under management on a discretionary basis in its Private Funds.

## **Fees and Compensation**

### *General*

Proterra typically receives compensation from fees based on a percentage of assets under management, carried interest allocations and certain other fees or expenses related to transactions, all in accordance with the relevant Offering Documents. Proterra generally deducts fees and expenses directly from the Funds, and the investors' capital accounts are reduced by the amount of such fees and expenses, as applicable. In certain circumstances, the fees payable to Proterra are negotiable or waived. All investors and prospective investors should review the Offering Documents of the Private Funds in conjunction with this brochure for complete information on the fees and compensation payable with respect to the Private Funds.

### *Management Fee*

The investors in each Fund pay Proterra a management fee (the "Management Fee"), calculated and payable quarterly in advance, at an annual rate generally ranging from 1.0% to 2.0% of either the investor's capital commitment or invested capital, as appropriate and defined in the Funds' Offering Documents. As previously mentioned, Proterra reserves the right to defer or waive all or any portion of any management fee payable by the Fund. The management fee is calculated and paid in accordance with the Fund's Offering Documents.

### *Carried Interest*

Proterra generally receives performance-based fees from the Private Funds consistent with the terms of the respective Offering Documents. Typically, the performance fee received from the Funds is a percentage of the cash flows received by each Fund after an initial investment and realization period as defined by the Offering Document (the "Carried Interest"). Proterra may begin charging the carried interest once the distribution of cash flows has provided each investor in the Fund with the return of the investor's capital contribution and a preferred return. The specific terms governing the calculation of the carried interest and the use and distribution of cash flows, which may vary between Funds, are described in more detail in the relevant Offering Documents.

### *Other Fees and Expenses*

Each Fund is typically responsible, pursuant to the terms of its Offering Document, for their ongoing direct, administrative, operating and other permissible expenses. These expenses may be incurred either directly by the Fund or, in some instances, Proterra will incur the expense and obtain reimbursement from the Fund. The direct expenses incurred by each Fund vary depending on the nature of the operations and activities of the Fund and are described in detail in each Fund's respective Offering Documents.

### *Other Compensation*

From time to time, in connection with investments made by the Funds, Proterra or its affiliates or employees may receive a fee or cash compensation from a portfolio company or a proposed

portfolio company, as well as a director's fee, a monitoring fee, or a consulting fee. In addition, Proterra or a related party may receive a transaction fee, advisory fee, underwriting fee or success fee in connection with an investment in a portfolio company. To the extent that Proterra receives any such compensation, all of such fees will be shared with the respective Fund through offsets against the management fee (except to the extent that retention of any such fee has been approved by the Fund's Investors in accordance with the Offering Documents). Investors are requested to refer to the Offering Documents of each Fund for complete information on the additional compensation received by Proterra or its affiliates or employees in connection with the Funds' investments.

## **Performance-Based Fees and Side-by-Side Management**

As described in the **Fees and Compensation** section above, Proterra is entitled to be paid performance-based compensation by the Funds in the form of carried interest. Carried interest is considered performance-based fees as it is based on a share of capital gains on the assets of a Fund.

An adviser charging performance-based fees to some accounts faces a variety of conflicts because the adviser can potentially receive greater fees from its accounts having a performance-based compensation structure than from accounts charged a fee that does not relate to performance (e.g., an asset-based fee). As a result, the adviser may have an incentive to direct the best investment ideas to, or to allocate or sequence investment transactions in favor of, an account that pays a performance-based fee over an account that does not, or an account with a more lucrative performance-based fee structure, or an account in a position to pay more overall performance-based fees based on the overall performance of the account. However, Proterra has limited its incentive to favor certain Funds since all Funds managed by Proterra (excluding co-investment vehicles which may invest with or alongside the Funds) are subject to both carried interest and management fees and limited overlap in investment periods and investment opportunities among Funds is expected to occur in practice.

The fact that Proterra is compensated based on a share of capital gains on the assets of the Funds, however, may create an incentive for Proterra to make investments on behalf of the Funds that are riskier or more speculative than would be the case in the absence of such compensation.

## **Types of Clients**

Proterra provides investment advisory services to its Private Funds based on the particular investment objectives and strategies described in the applicable Fund's Offering Document. Investors in the Proterra Funds include corporations, pension plans, sovereign wealth plans, endowments and foundations, private wealth management firms, fund-of-funds, insurance companies and other business entities that meet eligibility, suitability and minimum investment requirements, including the proprietary assets of Cargill, former Black River employees, Proterra and knowledgeable Proterra employees.

As mentioned in the **Advisory Business** section above, the shares or interests in the Private Funds are not registered under the Securities Act of 1933, and the Private Funds are not registered under the Investment Company Act of 1940. Accordingly, interests in the Private Funds are offered and sold exclusively to sophisticated investors satisfying certain eligibility and suitability requirements either in private transactions within the United States or in offshore transactions with non-U.S. Investors. Additionally, each Private Fund imposes a minimum investment requirement (waived in certain circumstances at the discretion of Proterra) with no Fund having a minimum investment that is less than \$1,000,000. The applicable eligibility, suitability and minimum initial investment requirements are described in more detail in the Offering Documents of each Private Fund.

## **Methods of Analysis, Investment Strategies and Risk of Loss**

### *Methods of Analysis and Investment Strategies*

Proterra implements a broad range of investment strategies through various Private Funds and generally employs proprietary investment strategies based upon fundamental research as well as on quantitative analysis. Investment ideas and information are generated internally through various Proterra or affiliated sources of expertise and market information and externally through an extensive network of industry professionals who may provide research or other information in support of our investment analysis. Depending on the strategy implemented, Proterra may consider broader macro-economic and geo-political analysis of world markets and economies, including, but not limited to, general or specific economic indicators, inflation rates, trends in international trade, energy and commodity production and supply, foreign exchange trends, governments' political, fiscal and monetary policies, market liquidity measures, supply and demand measures of industries, sectors and products, assessment of the general market appetite for risk and investment in various financial instruments and products, and other measures we believe are relevant to identifying and assessing available investment opportunities.

Proterra implements investment strategies through private equity and private credit fund structures. Proterra's private equity strategies make growth-oriented private equity investments in real assets globally through long-dated, closed-end private funds. Current private equity strategies seek early stage investments in three natural resource-related sectors:

- Agriculture – farm land, land management/operators, sustainable agribusiness, infrastructure and associated services;
- Food – protein production, value added processing, supply chain management and associated services; and
- Metals & Mining – Jr./Mid-tier mining companies in selected metals and minerals.

Proterra's current private credit strategies provide junior debt to middle-market agribusiness companies in partnership with senior lenders in the U.S. Farm Credit System.

The investment objectives, strategies and risks specific to each of the Private Funds managed by Proterra are set out in the respective Fund's Offering Documents provided to investors. Unless otherwise restricted in the Offering Document, each of the Private Funds generally has the flexibility to pursue a wide range of strategies and investment instruments. Investors and potential

investors should understand that the investment objectives and strategies implemented by the Private Funds are generally speculative and involve a substantial degree of risk. There can be no assurance that any Private Fund will achieve its objectives, and investors could lose all or substantially all of their investment.

#### *Certain Material Risks*

Investing in securities generally, and investing in the Funds, involves substantial risk of loss that investors should be prepared to bear. The task of identifying investment opportunities and managing private equity investments is difficult. There can be no assurance that the Funds will be able to make and/or realize any particular investment or that the Funds will be able to generate returns for their investors. The marketability and value of any such investments will depend upon many factors beyond the control of the Funds. In addition, there can be no assurance that any investor will receive any distribution from the Funds.

Investors in the Funds should carefully consider, among other factors, the following material risks involved with Proterra's investment strategies. Investors in the Funds are requested to refer to the Offering Documents of the Funds for additional information on these risks and other risks. The following discussion of certain risk factors does not purport to be an exhaustive list or a complete explanation of all of the risks involved in private equity investments.

#### **Fundamental Analysis**

Fundamental analysis, which is based on the premise that market mispricing exists because market prices do not incorporate all knowable economic and other relevant data, is subject to the risk of inaccurate or incomplete market information, as well as the difficulty of predicting future prices based upon analysis of all known information. Investments made based upon fundamental analysis are subject to significant losses when market sentiment leads to investment instruments' market prices being materially different from the expected prices indicated by fundamental analysis or when technical factors, such as price momentum encouraged by trend following, dominates the market.

#### **Model Risk**

Certain of the strategies we employ are highly dependent on quantitatively based pricing theories and risk and valuation models which we use to evaluate investment opportunities. These models generally seek to forecast future price changes and portfolio performance based upon a limited number of factors and inputs. The forecasts generated by these models may differ substantially from actual future price realizations, potentially resulting in substantial losses. There can be no assurance that the models we use will be effective and since the models we use may depend upon inputs from various sources, inaccuracies in such inputs may result in unexpected losses.

#### **Potential Lack of Diversification**

In executing many of its strategies, Proterra anticipates that its Funds will have concentrated portfolios in which the bulk of its capital may potentially be invested in a strictly limited number of portfolio companies. The Funds' longer-term investments are expected to involve the greatest

commitment of resources. The lack of diversification of the Funds' portfolio investments – by sector, geography, the number and duration of investments, and other measures – materially increases the risk of loss resulting from general market developments or other reasons. The failure of even a limited number of these investments could make it highly unlikely that the Funds will be able to achieve their investment objective (or avoid substantial losses).

### **Leverage of Portfolio Companies**

Certain of the Private Funds will invest in portfolio companies with leveraged capital structures. Such investments will be subject to increased exposure to adverse economic factors such as a rise in interest rates, a downturn in the economy or further deterioration in the condition of such portfolio company or its industry. In using leverage, portfolio companies may be subject to terms and conditions that include restrictive financial and operating covenants, which may impair their ability to finance or otherwise pursue their future operations or otherwise satisfy additional capital needs. Moreover, rising interest rates may significantly increase portfolio companies' interest expense, causing losses and/or the inability to service debt levels. If a portfolio company is unable to generate sufficient cash flow to meet principal and interest payments on its indebtedness, the value of a Fund's investments in such portfolio company could be significantly reduced or even eliminated due to further credit deterioration.

### **Currency Exchange Risk**

The Funds managed by Proterra are generally denominated in and value assets in U.S. dollars, and investors whose functional currency is not the U.S. dollar will have material exchange-rate risk with respect to their investment in the Fund. Many of the strategies pursued on behalf of the Funds trade and invest in securities and instruments denominated in non-U.S. currencies. Such investments are subject to the risk that the value of a particular currency will change in relation to the U.S. dollar. Among the factors that may affect currency values are direct government intervention (often intended specifically to change currency values), trade balances, the level of short-term interest rates, differences in the relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments.

### **Agricultural Commodity Strategies**

Trading in agricultural commodity products is subject to the risks affecting supply and demand, including climatic conditions, transportation difficulties, natural disasters and other events that affect the availability of commodity staples. The liquidity characteristics and specialization of many commodity markets create a risk of a limited group of investors materially affecting prices. These events are, by their nature, unpredictable and can cause extreme and sudden price reversals and market disruptions.

### **Equity Securities**

Certain of the Private Funds will invest in equity securities issued by portfolio companies, the values of which vary with any issuer's performance and movements in the broader equity markets. Numerous economic factors, as well as market sentiment, political and other factors, influence the value of equities. At any given time, the Private Funds may have significant investments in



companies with smaller market capitalizations. These securities often involve greater risks than the securities of larger, better-known companies, including less liquidity and greater volatility.

### **Debt Obligations**

Certain of the Private Funds will hold debt obligations in portfolio companies and, therefore, may have a limited ability to manage the risk profile of the investment in such portfolio companies. However, the Private Funds will seek appropriate creditor rights to help protect the interests in such portfolio companies. The mere fact that the investment adviser disagrees with decisions made by a portfolio company likely will not trigger any particular ability of the Private Fund to dispose of its investment in such portfolio company, with the result that the value of the Private Fund's investment in a portfolio company may be materially impacted by the decisions of other investors.

### **Credit Risk**

Debt investments are subject to credit risk, which is the likelihood that a company will default on the payment of principal and/or interest on its obligations, among other covenants and requirements. Financial strength and solvency of a company are key factors influencing credit risk. Companies may face intense competition, changing business and economic conditions or other developments that may adversely affect their performance and increase credit risk. In addition, subordination, lack or inadequacy of collateral or credit enhancement for a debt instrument may affect a company's credit risk. Credit risk may change over the life of an investment. In addition, companies may contest enforcement of foreclosure or other remedies, seek bankruptcy protection against such enforcement and/or bring claims for lender liability in response to actions to enforce mortgage obligations. If any of the above occurred, the Private Fund's ability to make anticipated distributions to investors could be delayed or otherwise adversely affected.

### **Emerging Market Risks**

The Private Funds, to a greater or lesser degree, invest in lesser developed or emerging markets. Although potential investment returns in these markets can be higher than those available in more developed markets, the risks of such investments may also be correspondingly greater. There are a number of costs and market related risks associated with investing in emerging or developing markets which may have an adverse effect on the performance of the Funds, and these costs and risks are in addition to issuer-specific risks.

### **Financial Intermediary Credit Risk**

The institutions, including brokerage firms, banks, derivatives counterparties and futures commission merchants, with which the Funds may do business, or to which its assets may be entrusted for custodial purposes, may encounter financial difficulties that impair their operational capabilities or result in losses to a Fund.

## **Inflation**

The enormous amounts of financial assistance which governments and central banks have made available in an effort to resolve the recent economic crisis could eventually lead to material levels of inflation, particularly in the less developed nations in which the Funds may invest a portion of its portfolio. Inflation and rapid fluctuations in inflation rates have had, and may continue to have, negative effects on the economics and securities markets of numerous economies. There can be no assurance that inflation will not become a serious problem in the future and have a materially adverse impact on the Fund's returns.

Certain of the markets in which the Funds invest may be particularly affected by inflation. Certain of the countries in which the Funds invest may also be particularly vulnerable to periods of higher inflation.

## **Environmental Risks**

Certain environmental laws and regulations impose strict liability, often regardless of fault, on various parties (jointly and severally), including owners and operators, associated with agricultural or industrial projects affected by a release of a regulated environmental contaminant, including oil. To minimize the risk of such liability, prior to acquiring any property, the Funds will generally employ, or cause to be employed, an environmental engineering consultant to inspect each property so as to assure that the risk of regulated environmental contaminants being present at such property is minimal. Nevertheless, it is possible that the engineer's inspection could overlook certain areas of a property which are contaminated with regulated environmental contaminants or that the Funds could be subject to strict liability because of the presence of such hazards.

As certain Funds will focus on investing in operating companies, the risk of the Funds incurring material environmental liability (including due to actions or omissions by third parties prior to the Funds' involvement) is materially greater than in the case of investment funds focused on the financial markets.

Certain of the portfolio companies in which the Funds invest may be engaged in attempting to minimize environmental impacts. There is the risk that such companies, should they fail to be able to do so, will be liable for the environmental damage which they were unable to prevent or mitigate.

## **Pandemic Risk**

The recent global outbreak of Coronavirus (or COVID-19) is currently creating enormous unprecedented economic and social uncertainty throughout the world. The ultimate impact of the Coronavirus outbreak (or of any future pandemic, epidemic or outbreak of a contagious disease) is difficult to predict, but it is likely that Coronavirus will have a materially adverse impact on global, national and local economies in the immediate future and that such negative impact is likely to persist for some time during the life of the Private Funds. In particular, disruptions to commercial activity across economies due to the imposition of quarantines, remote working

policies, “social distancing” practices and travel restrictions, and/or failures to contain the outbreak despite these measures, could materially and adversely impact the Private Funds’ investments, both in the near- and long-term in a variety of industries and regions or globally. In addition, the imposition of such restrictions (including “shelter-in-place” or “lock-down” directives) could materially disrupt Proterra’s business activities and impact the ability of its personnel to travel in connection with potential or existing investments, which could negatively impact Proterra’s ability to effectively identify, monitor, operate and dispose of investments and operate the Private Funds in general. Similar disruptions may occur in respect of service providers and counterparties (including providers of financing), which could also negatively impact the Private Funds and/or their investments. While there are early indications of various governmental responses to the potential negative effects of Coronavirus, it is unclear how effective these responses will be and what other impacts such responses may have on the overall performance of markets or the Private Funds.

### **Illiquid Investments**

The Funds’ respective investments will generally be illiquid. The Funds have been formed to make long-term illiquid investments, not to engage in short-term trading. Proterra generally expects that the Funds will hold certain investments for a matter of years. Although investments by the Funds may occasionally generate some current income, the return of capital and the realization of gains, if any, from portfolio companies generally will occur only upon the partial or complete disposition or refinancing of such portfolio company.

It is unlikely that there will be a public market for the securities held by the Funds at the time of their acquisition. The Funds will generally not be able to sell the securities of portfolio companies publicly unless their sale is registered under applicable securities laws, or unless an exemption from such registration requirements is available. In addition, in some cases a Fund may be prohibited by contract or legal or regulatory reasons from selling certain securities for a period of time. To the extent that there is no trading market for securities of a portfolio company, a Fund may be unable to liquidate that investment or may be unable to do so at a profit. Moreover, there can be no assurances that private purchasers of a Fund’s investments in portfolio companies will be found.

### **Investment in Joint Ventures and Other Entities**

The Funds may make investments through joint ventures or other entities. Such investments may involve risks not present in direct investments, including, for example, the outcomes of collaborative decision-making varying (adversely) from those which the investment team would have reached itself, the possibility that a co-venturer or partner might become bankrupt, or might have interests, objectives, rights or remedies which are different from or may conflict with those of the Funds. Furthermore, if such co-venturer or partner defaults on its funding obligations, it may be difficult for the Funds to make up the shortfall. The Funds may be required to make additional contributions to replace such shortfall, reducing the diversification of such investments. The Fund may also be liable for the conduct of its co-venturers or partners. In addition, in negotiating an investment through joint ventures or other similar arrangements, the Fund may

have to agree to less favorable terms (*e.g.*, bearing a disproportionate share of expenses) than might be present in direct investments.

Prospective investors are advised to review the applicable Private Fund's Offering Documents for a full description of the relevant risks of investing in each Private Fund.

## **Disciplinary Information**

Proterra and its employees have not been involved in any legal or disciplinary events in the past 10 years that would be material to an investor's or a prospective investor's evaluation of our advisory business or personnel.

## **Other Financial Industry Activities and Affiliations**

### *Registered Broker-Dealers*

None of Proterra or its management persons are registered as a broker-dealer or a registered representative of a broker-dealer. In addition, Proterra and its management persons are not affiliated with any broker-dealer.

### *Registered Futures Commission Merchants, Commodity Pool Operators and Commodity Trading Advisors*

None of Proterra or its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, or a commodity trading advisor.

### *Relationships with Related Persons*

As noted in the **Advisory Business** section above, the managing members or general partners of the Funds are related entities of Proterra. Additionally, the Funds themselves may be considered a related entity of Proterra.

### *Selection or Recommendation of Other Advisers*

Proterra does not recommend or select other investment advisers for the Funds and does not have other business relationships with other advisers that create a material conflict of interest. However, Proterra's management of the Private Funds may be directed in certain countries and markets by subsidiaries of the Company located outside of the United States rather than Proterra itself. The Funds do not incur any additional management fees or increased carried interest as a result of its subsidiaries' participation in the management of the Funds.

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

Proterra has adopted a written code of ethics (the “Code”) which establishes a standard of conduct and compliance with federal securities laws required of all Proterra partners, officers and employees (collectively, “employees”). The Code contains policies and procedures intended to avoid actual or potential conflicts of interest related to personal trading and other employee activities and incorporates throughout the general fiduciary principle that the interest of clients must always be placed ahead of employee’s personal interests or those of Proterra or its affiliated entities. Provisions of the Code also prohibit certain actions, including, among other matters, forbidding any employee of Proterra from trading, either personally or on behalf of clients or others, on material non-public information.

Proterra’s Code requires employees to: (i) pre-clear certain personal securities transactions; (ii) report personal securities transactions on at least a quarterly basis; and (iii) provide Proterra with a detailed summary of certain holdings, both initially upon commencement of employment and at least annually thereafter, over which such employees have control and beneficial interest. Proterra’s reporting requirements and restrictions on personal securities trading apply to employees, as well as employees’ immediate family members living in the same household.

Proterra requires written pre-clearance for certain securities transactions, and Proterra may not grant preclearance, particularly if the transaction appears to pose a conflict of interest or otherwise appears improper.

A copy of the Code shall be provided to any investor or prospective investor in the Private Funds upon request. Please contact us at the address and telephone number listed on the first page of this document.

## **Brokerage Practices**

### *Best Execution*

Proterra focuses on making investments in portfolio companies which are negotiated, and the quality of transaction-related services varies greatly. However, Proterra will seek best execution with respect to all types of Fund transactions, including equities, options, futures, foreign currency exchange, and any other types of transactions that may be made on behalf of the Funds. As part of the normal trading function, Proterra will consider the execution quality of each trade. Any unexpected deviations in price, commission rate, market impact, execution speed, or other aspects of execution quality will be promptly reported to the Chief Compliance Officer (the “CCO”).

In selecting broker-dealers to effect securities transactions, Proterra seeks to obtain best execution by considering factors including, but not limited to, execution quality, price, the level of service offered, reliability, conflicts of interest, and such other factors as Proterra considers relevant. The applicability of specific criteria will vary depending upon the nature of the transaction, the market in which it is executed, and the extent to which it is possible to select from among multiple brokers or dealers. Proterra’s primary consideration in selecting broker-dealers will be to obtain

the most favorable net result for the Funds under the circumstances, which may not involve the lowest possible commission cost.

#### *Research and Soft Dollar Benefits*

Section 28(e) of the Securities Exchange Act of 1934 provides a safe harbor that allows an investment adviser to pay more than the lowest available transaction cost in order to obtain brokerage and research services (commonly referred to as a “soft dollar” arrangement).

Proterra will not enter into formal soft dollar arrangements, but may receive products or services from other counterparties, including capital introduction services, that to the best of the Company’s knowledge are generally made available to all institutional clients doing business with these counterparties. These products and services are made available to Proterra on an unsolicited basis and without regard to transaction costs paid by the Funds or the volume of business the Company directs to these counterparties. Proterra does not cause the Funds to pay higher commissions than those charged by other brokers in return for research, and Proterra uses this research for the benefit of the Funds.

#### *Brokerage for Investor Referrals*

Proterra does not consider, in selecting or recommending broker-dealers, whether it or a related person receives client referrals from a broker-dealer or third party.

#### *Directed Brokerage*

Proterra has discretionary authority to select the brokers or dealers in connection with securities transactions of the Funds, and investors are not permitted to direct Proterra to use a particular broker or dealer to execute portfolio transactions on behalf of the Funds.

#### *Cross Trades*

A cross trade occurs when one Proterra Fund sells (buys) an investment to (from) another Proterra Fund. Proterra may effect cross trades between Funds that it manages when Proterra, exercising its judgment in good faith, determines that a cross trade is mutually beneficial to the Funds involved, and is fair and equitable. In effecting a cross trade, Proterra shall not intentionally favor one Fund over another and shall avoid and/or disclose any conflicts of interest relating to any cross trades. Nevertheless, every cross trade involves a potential conflict of interest among the Funds involved, and in hindsight a cross trade may be seen to have favored one party to the trade over the other. Neither Proterra nor its affiliates will receive commissions, or otherwise directly profit, from cross trades.

## Review of Accounts

Each Private Fund has specific investment criteria and limitations set forth in the Offering Documents of the Fund. At the time of any investment, members of Proterra's portfolio management team will evaluate whether the investment will satisfy the particular investment criteria and limitations applicable to the Fund. After an investment is made, Proterra's portfolio managers who are responsible for that investment will continuously monitor the investment for the Fund, up until and including the time of the investment's disposition.

### *Allocation Procedures*

From time-to-time it may be beneficial to the Funds to share an investment opportunity with employees or other investors (a "co-investment vehicle"). For example, an investment opportunity may require a capital commitment that is larger than optimal for the Funds due to limitations on available capital or fund diversification limits. In such cases, Proterra may determine that a Fund should invest up to its limit before any funds from a co-investment vehicle are invested. Alternatively, Proterra may determine that a co-investment vehicle should invest in such an opportunity with the Fund at a pre-determined proportion designed to exhaust the Fund's limit over time. Proterra may utilize other allocation methods it determines are appropriate for the Fund and the co-investment vehicle. Proterra's Investment Committee ("IC") and CCO should review and approve all investment transactions that include co-investment vehicles.

If an investment is made contemporaneously among a Fund and one or more co-investment vehicle(s), the transaction expenses will generally be allocated pro rata among the entities that made the investment. In the event that the IC approves a transaction utilizing a co-investment vehicle and such transaction subsequently fails to close (a "broken deal"), then the transaction expenses will generally be allocated pro rata among the parties that would have made the investment (based on the allocations approved by the IC). In the event that the co-investment vehicle portion cannot be allocated to a particular fund or co-investor, such broken deal expenses will be paid by Proterra.

If a broken deal occurs before the IC approves a co-investment, the applicable Fund(s) will bear the costs of such transaction, but only to the extent that Proterra determined that such Fund(s) could have made the investment without a co-investment vehicle.

The inclusion of employees or unaffiliated investors in a private offering can create actual or apparent conflicts of interest associated with the allocation of investment capacity and diligence costs. The CCO reviews all instances in which a Fund's investment opportunity is to be offered to employees or third parties for actual and apparent conflicts of interest and will ensure that Proterra has documented that it is acting in good faith in accordance with all applicable representations to investors.

### *Investor Reporting*

The Private Funds typically provide investors with unaudited quarterly performance reports, audited annual fund financial statements, and, for U.S. Funds, tax information related to their investments in the Fund for U.S. federal income tax purposes.

Although the Funds provide information that may be used by investors for tax purposes, Proterra does not provide legal or tax advice. Investors should consult their legal and tax advisors before making any investment decisions.

## **Client Referrals and Other Compensation**

During a fundraising cycle for certain of the Private Funds, Proterra may compensate unaffiliated placement agents who introduce new investors that commit capital. The amount paid to placement agents is generally a percentage of capital commitments and varies per engagement, and all placement fees will be fully disclosed to investors referred by placement agents. Any compensation paid to unaffiliated placement agents in connection with the sale of interests in certain Private Funds to underlying investors is ultimately borne by Proterra, however certain out-of-pocket expenses incurred by placement agents in the offering of interests may be borne by the applicable Fund(s).

## **Custody**

Proterra is deemed to have custody of the cash and investment securities held by the Private Funds due to the authority inherent in our role as managing member or general partner of the Private Funds.

The Private Funds' cash and investment securities are either held with qualified custodians or, in the case of certificated securities, are appropriately safeguarded by Proterra in accordance with Rule 206(4)-2 under the Investment Advisers Act of 1940. Further, Proterra maintains safeguards to ensure that the fund administrator controls or monitors all movements of cash and securities in accordance with the administrator's services agreement.

The Funds are subject to an annual audit conducted by an independent public accounting firm. The audited financial statements are prepared in accordance with generally accepted accounting principles and distributed to each Fund investor within 120 days of the Private Fund's fiscal year end.

## **Investment Discretion**

Proterra exercises discretionary authority in managing the investments of each Private Fund based on each Fund's particular investment objectives, policies and strategies disclosed in its Offering Documents. Discretionary authority over the Private Funds is defined by the provisions of the Advisory Agreements between Proterra and each Private Fund.



## **Voting Client Securities**

Proterra has adopted written proxy voting policies and procedures (the “Proxy Voting Policy”) applicable to all clients where we have voting authority for proxy proposals, amendments, consents or resolutions relating to client securities including, if any, interests in private investments (collectively “proxies”). Under the Proxy Voting Policy, our primary goal is to vote proxies prudently and solely in the best interest of our clients, without subordinating the clients’ interests to our own.

Proterra will vote each client’s proxies in the manner that it believes is consistent with achieving the client’s investment objectives. Unless otherwise set out in a Fund’s Offering Documents, the only factors to be considered in voting proxies are those that would affect the value of client assets.

When a client has authorized Proterra to vote proxies on its behalf, Proterra will generally not accept instructions from the client regarding how to vote proxies. Clients and investors in Funds managed by Proterra may request a copy of our Proxy Voting Policy, as well as proxy voting records relevant to their account, by contacting us at the address or telephone number listed on the first page of this brochure.

Proterra will not file proof of claims on behalf of the Private Funds.

## **Financial Information**

As of the date of this brochure, Proterra has no financial condition that is expected to impair its ability to manage the Private Funds or to meet contractual and fiduciary commitments to the Funds, and has not been the subject of a bankruptcy proceeding.