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**PART 2A OF FORM ADV: FIRM BROCHURE**  
**EVERSTREAM ENERGY CAPITAL ADVISERS LLC**  
**MAY 15, 2020**

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**Item 1: Cover Page**

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**Disclaimers:**

This brochure provides information about the qualifications and business practices of EverStream Energy Capital Advisers LLC (the “Firm”). If you have any questions about the contents of this brochure, please contact us at 952-797-4946 or [pj.lee@everstreamcapital.com](mailto:pj.lee@everstreamcapital.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

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

The SEC or any state regulatory authority has not passed upon the merits or level of skill of the Firm as an investment adviser nor the adequacy or accuracy of this brochure.

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Form ADV Part 2A: Firm Brochure  
Version Date: May 15, 2020  
Page 1

## **Item 2: Material Changes**

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The following summary of material changes are to our annual Firm Brochure dated March 30, 2019.

We are filing and providing this Firm Brochure to Clients on May 15, 2020 instead of March 31, 2020 pursuant to an extension granted by the Securities and Exchange Commission because of the COVID-19 pandemic. Our operations have operated normally after some initial delays as people adjusted to working from home and had avoided business travel. Some of our Clients' investments have also experienced and may continue to experience delays in project development, project financing and anticipated transactions.

Our aggregate assets under management as of December 31, 2019 decreased to approximately \$415 million from \$472 million. The amount of discretionary and non-discretionary accounts changed from \$65 million to \$59 million and from \$407 million to \$356 million, respectively.

In October 2019, one of our solar fund clients (EverStream Solar Infrastructure Fund I LP, or "SIF") exchanged certain secured and unsecured loan interests in Enfinity NV (a Belgian global project developer) and its subsidiaries for a preferred equity interest in Enfinity Global LLC ("Global"), a Delaware global project developer. One of our affiliates owns 100% of Enfinity NV and, together with some of its related persons who are directors of Global, also has a common equity interest in Global. The transaction also included certain asset transfers from Enfinity NV to Global. We believe that this transaction will maximize the value of those assets, which previously secured SIF's loan against the Enfinity NV group of companies. See Item 11.1 (Conflicts of Interest).

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## **Item 4: Advisory Business**

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### **4.1 Introduction**

EverStream Energy Capital Advisers, LLC (“the Firm”) was formed in 2015 in the State of Delaware. The firm is a successor to the investment advisory business of EverStream Energy Capital Management, LLC (“EECM”). EECM is our sole owner, and our ultimate indirect owners and founders are Peter Lee and Carlos Domenech (together, the “Principals”). Mr. Lee is also the Firm’s Chief Compliance Officer. At the direction of the Principals and subject to their oversight, the Firm’s senior management and staff generally manage day-to-day operations, including making investment decisions and providing services to the Funds and the Managed Account (each as defined below).

The Firm is registered with the Securities and Exchange Commission as an investment adviser, and is exempt from registration with the U.S. Commodity Futures Trading Commission (the “CFTC”).

The Firm focuses on investments related to photovoltaic solar and other sustainable energy power plants. Generally, we aim to manage a diversified portfolio of assets with an emphasis on projects that help lead to a more sustainable energy future. Our legacy investments also have included a small amount of assets under management in natural gas markets that have been substantially wound down. The Firm advises institutional investors and energy infrastructure focused private equity funds (the “Funds”). An affiliate of the Firm currently manages one legacy separately managed account together with a co-manager in Chile (the “Managed Account”) and may in the future manage other separately managed accounts. Typically, the Funds acquire an equity control interest in project companies that own sustainable energy power plant assets, including development-stage assets such as land rights, permits and contracts for off-take of power production. Funds that focus on this strategy with respect to solar power are referred to herein as “Solar Funds.” Our strategy includes discretionary Funds sometimes investing alongside other Funds structured as co-investment vehicles.

### **4.2 Description of Advisory Services**

A Fund or the Managed Account is referred to herein as a “Client” and, collectively, the “Clients.” The Firm, as investment adviser, provides investment advisory services directly or through related persons to its Clients, which employ the aforementioned investment strategies. In its capacity as investment adviser, the Firm generally has discretion to identify and execute investments on behalf of the Clients. The Firm allocates the assets of each Client in accordance with the Client’s specific investment objectives and strategy. Investors or limited partners in the Funds are not “clients,” unless they enter into distinct investment advisory agreements with the Firm.

Acting as investment adviser, the Firm or an affiliate (i) identifies and negotiates investment opportunities for the Clients, and (ii) directs the management, monitoring and disposal of the Clients’ investments. With respect to investors in the Clients, except for an initial determination of an investor’s suitability to invest in a Fund, the Firm does not base its investment decisions on the individual needs of investors, and provides analyses of investments directly to the Funds.

### **4.3     *Structure of Pooled Investment Vehicle Clients***

Each Fund is typically organized as a limited partnership or limited liability company under the laws of the State of Delaware or their equivalents under the laws of a foreign jurisdiction. An affiliate of the Firm generally acts as the General Partner or Managing Member of each Fund. For example, our flagship Solar Fund, EverStream Solar Infrastructure Fund I LP (“SIF”), is a Delaware limited partnership and an affiliate of ours is its General Partner. Limited partnership or membership interests in the Funds are offered privately to investors in reliance on the exemption provided by Regulation D or, in some cases, Section 4(a)(2) of the Securities Act of 1933, as amended (the “Securities Act”), and similar provisions under state securities laws. In addition, the Funds are not registered with the SEC as investment companies under the Investment Company Act of 1940, as amended (the “Company Act”) in reliance on one or more exemption(s) therefrom. Accordingly, interests in the Funds are sold exclusively to investors who satisfy applicable eligibility and suitability requirements.

### **4.4     *Discretionary Authority***

The Firm has discretionary or nondiscretionary authority over the investments made by each Client. Discretionary authority allows the Firm to execute investment transactions on each Fund’s behalf, determining which assets and the amount of assets to buy or sell.

The Firm also has the authorization to automatically deduct its advisory fee from the Funds’ accounts, as well as to deduct amounts from the Funds’ bank accounts to reimburse the Firm for expenses that were incurred by the Firm or its affiliates in the management of the Funds.

### **4.5     *Wrap Fee Programs***

As of the date of this brochure, the Firm does not participate in any “wrap programs” (i.e., programs that bundle brokerage and advisory services under a single comprehensive fee).

### **4.6     *Assets under Management***

As of December 31, 2019, the Firm had aggregate regulatory assets under management, as defined in the instructions to Part 1A of Form ADV, of approximately \$414,833,000, \$58,500,000 of which was managed on a discretionary basis and \$356,333,000 of which was managed on a non-discretionary basis.

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

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### **5.1     *Advisory Fees and Compensation***

In consideration for the Firm or certain related persons serving as the investment manager of a Client and bearing certain overhead expenses, a Client typically pays the Firm an advisory fee of up to 2% of the capital commitments of the Client, though this fee may vary, and it is payable in arrears at the end of each quarter. The Firm or its related persons collect advisory fees by causing the applicable amount to be transferred from a Client’s bank account to the Firm’s or its related persons’ bank accounts. Clients also typically pay the Firm or its related persons a performance-based fee as described below under “Item 6— Performance-Based Fees and Side-by-Side Management.” In accordance with its operating agreement, one of our co-investment Solar

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Funds investing in solar projects in Japan also pays to our affiliated general partner certain milestone fees, which accrue upon the Fund's acquisition of a project; the financial closing necessary to complete the project's development, construction, and commissioning; and after the project's completion date.

## **5.2     *Reimbursement of Fund Expenses***

The Firm (or an entity designated by the Firm) is responsible for overhead expenses incurred in connection with providing advisory services to the Clients, including office rent; furniture and fixtures; secretarial/administrative services; salaries; and employee insurance and payroll taxes. These costs are not borne by the Clients and are not reimbursable to the Firm. Client expenses are paid by the Clients to the extent permitted by their written advisory agreements or by their governing documents. The Firm is reimbursed by the Client for any such allowed expenses that are advanced by the Firm on behalf of the Client, including expenses related to unrealized investment transactions. In cases where expenses are allocable to one or more Clients, including, for example, between SIF and a co-investment vehicle, the Firm seeks to apportion the expenses among Clients in good faith based on the relative amounts invested by the Clients and other reasonable factors.

Investors in the Funds should carefully review the Funds' governing documents for a description of the fees and expenses associated with each Fund.

## **5.3     *Prepayment of Fees***

Clients' advisory fees are sometimes paid in arrears at the end of each quarter, in which case such Clients do not prepay advisory fees. Offering documents and operating agreements may also allow for management fees to be paid at the beginning of each quarter, or to be paid in whole over a course of time that is shorter than the length of the expected advisory relationship. With respect to service fees described in Section 5.4 below, such fees are generally payable upon performance of the services or upon commencement of the obligation to perform such services.

## **5.4     *Other Fees and Expenses***

If permitted under the terms of a Fund's offering and governance documents, entities affiliated with or related to the Firm may receive services fees related to the operations of such Fund's investments ("Operating Services Fees"). The Firm (or an entity designated by the Firm) may also receive break-up fees and other similar fees associated with investments or proposed investments or commitments made by the Fund ("Other Fees"). More specifically with respect to Operating Services Fees, one of our co-investment Solar Funds investing in solar projects in Japan pays project development fees to one of our affiliates, which then uses those fees to pay for project development expenses. SIF also has previously paid quarterly development oversight fees to one of our affiliates, which then used those fees to pay for operating project development expenses, primarily in Europe. In addition, non-employee service providers who provide professional legal and accounting services to us and our affiliates, and who have access to Client records and private information in such function, also provide such services for Clients and have access to such Clients' records in order to perform such services. Clients pay for such services on an at-cost basis, including sometimes as reimbursement to EECM if EECM has advanced such costs.

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

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In addition to the advisory fees received by the Firm, the Firm or an affiliate of the Firm typically receives a share of profits (referred to as a “carried interest”) from the Funds of a target of 20% of net proceeds on a per-project basis as realized, with claw-back provisions that cap the Firm’s total performance-based compensation by liquidation of a Fund’s assets. This performance fee is allocable directly to the capital accounts of the performance fee recipient(s) after all capital has been returned to the investors. Such persons only receive performance-based fees directly from the Funds themselves, and not any investors in the Funds. Generally, performance-based fees are subject to a preferred return (currently 8% per annum for SIF) such that a performance fee is not allocated until the investor has received the requisite fixed internal rate of return.

Because the Firm and its related persons, including the Principals, may receive a performance fee from Clients, the Firm may have an incentive to cause Clients to invest in an asset which is riskier than might be the case in the absence of such an incentive. The Firm seeks to mitigate this risk by limiting the proportion of capital invested in a particular asset and by seeking to achieve diversification of assets. In addition, the Firm has an internal process of analysis, due diligence, and monitoring review prior to and during the life of an investment.

## **Item 7: Types of Clients**

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The Firm’s Clients include Funds and the Managed Account.

The Fund’s target investor base generally includes institutional investors such as corporations, insurance companies, pension funds, endowments, foundations, multi-family investment offices, family offices and family trusts, as well as high-net-worth individuals.

Generally, investors must be “accredited investors” as that term is defined in Rule 501 of Regulation D under the Securities Act and, if they are charged a performance fee, “qualified clients” for purposes of the Investment Advisers Act of 1940, as amended (the “Advisers Act”). Because the Funds are not registered under the Company Act, investors must meet certain qualifications to permit reliance by the relevant Fund on an exemption(s) from such registration. To permit compliance with these laws and regulations, investors are required to make representations and warranties regarding their suitability. Clients have designated minimum investment amounts, which may be waived by the Firm.

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

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### **8.1 *Methods of Analysis***

The Firm primarily targets investments in solar power plants and more generally, companies or projects that help lead to a more sustainable energy future, including wind power plants. The Firm draws upon the complementary strengths, experience and investment performance of its entire management team, including Principals.

Investment decisions are reviewed at multiple levels for each Client. The Firm’s Investment



Committee, which is comprised of (i) the Principals for Clients other than SIF and its related AIVs, and (ii) the Principals and other of our senior employees for SIF and its related AIVs, must approve each investment of a Client.

## **8.2     *Investment Strategies***

Each Client's investment strategy is discussed in greater detail in its respective private placement memorandum or investment advisory agreement.

## **8.3     *Risk of Loss***

Investments in any of our Clients involve a certain degree of risk. There is no assurance that a Client's investment objectives will be achieved and investment results may vary from year to year. All Client investments risk the complete loss of capital. In the case of Clients that are Funds, in addition to the risks discussed below, any Fund private placement memorandum includes a discussion of the risks applicable to the Fund and its particular investment program. Certain of the more significant risks shared by most Clients are discussed briefly below:

- *Illiquidity and Long Holding Period.* Investors in the Funds have no redemption rights, and their ability to sell their partnership interests to third parties might be limited. The Funds typically have terms exceeding ten years, though we may in some instances negotiate shorter terms. Investors, therefore, should be financially able to hold their investments for the long term. Also, the Firm's investments generally lack liquidity over long holding periods, which will limit the ability of the Firm to make distributions on the investments for substantial periods of time.
- *Lack of Diversification.* The portfolios of the Funds typically hold fewer discrete investments than managed public securities portfolios such as mutual funds. Furthermore, the Funds have focused investment objectives and, accordingly, have concentrated exposure to particular sectors. The ability of a Fund to make direct investments further increases its portfolio concentration.
- *Lack of Ability to Participate; Key Personnel.* Investors sometimes have no right or power to participate in the Firm's investment decisions and thus must depend solely upon the ability of the Firm to make investments and otherwise manage the enterprise. Investors must rely on the abilities and background of the Firm's management team and personnel; accordingly, the loss of key personnel could have an adverse impact on a Client's returns.
- *Unspecified Use of Proceeds; Limited Recourse.* For Clients we advise on a discretionary basis, Investors will not know what specific investments will be made at the inception of the relationship. Fund investors have limited rights to withdraw their capital from a Fund, cease to make further capital contributions or terminate the Firm as investment adviser, even if they are dissatisfied with the investments made or investment results. The governing documents of the Funds (and investment management agreement for the Managed Account) contain provisions limiting the Firm's and its affiliates' liability, and provide for broad indemnification of the Firm and its affiliates against liability, all subject to the requirements of applicable law, including the federal securities laws.

- *Investments outside the United States.* Investments in companies and projects based outside the United States involve additional risks, including: currency fluctuation; less robust banking and other financial systems; less reliable financial reporting; less developed judicial and regulatory regimes; reliance on local strategic partners; higher monitoring costs; and potential for restrictions on repatriation of investments or confiscatory taxation; and potential political or economic instability.
- *Management Fees and Expenses.* Clients bear management fees and expenses. The investment return on the underlying investments therefore must be sufficient to offset both levels of fees and expenses before investors will earn a positive investment return. In addition, to the extent a management fee is based on committed rather than invested capital, investors pay management fees on both called and uncalled capital, resulting in high effective fee rates (i.e., fees on invested capital) at the beginning of an investment when little capital has been called and invested. Because of the extensive due diligence and ongoing management activity required for many private equity investments, expenses aside from management fees are generally higher than those of portfolios invested in public markets.
- *Certain Conflicts of Interest.* The Firm provides advisory services to a number of Clients, which may give rise to conflicts of interest. The investment objectives of existing or new Clients could overlap. To the extent an investment opportunity is appropriate for multiple Clients, the Firm will allocate opportunities to each Client for which the investment is suitable in a fair and equitable manner in accordance with its then-existing allocation policies and applicable governing documents. The Firm's policy regarding allocation of opportunities may result in a Client participating in an investment to a lesser extent than would otherwise have been the case. The Firm also aims to equitably allocate Client expenses when more than one Client participates in an investment opportunity, including unconsummated investment transaction expenses. Such expenses may constitute a higher percentage of capital investment for some Clients than others.
- *Risks Related to the Energy Industry.* The companies in the energy industry in which the Funds invest are inherently subject to numerous risks arising from their operations. For example, companies in the solar sector face various risks including, without limitation: (i) price fluctuations in traditional energy sources, such as coal, natural gas, oil and hydropower; (ii) changes in government policies toward the solar power industry and alternative energy industry generally, including decreases in, or termination of, tax subsidy programs; (iii) project construction risk; (iv) adverse changes in input prices, particularly for PV cells; (v) natural disasters and accidents that could damage facilities; (vi) grid stability or capacity issues, and (vii) technological obsolescence. Companies involved in the production and transportation of natural gas and gas liquids face risks that include, without limitation: (i) the uncertainty of estimating hydrocarbon reserves and their value; (ii) the risks of conducting drilling operations (including risks of substantial losses to properties, bodily injury and environmental damage arising from operations that do not proceed as planned and the risk of failing to find commercially productive reserves); (iii) risks associated with the marketing of hydrocarbon production; (iv) risks of compliance with increasingly burdensome environmental regulations and other regulations governing the production of natural resources; (v) geopolitical risks

associated with governments who play significant roles in the production and distribution of natural resources; and (vi) risks of catastrophic and other force majeure events.

- *Use of Pooled Investment Vehicles.* Investors in a pooled investment vehicle that is structured as a partnership for U.S. federal income tax purposes (like the Funds) should be aware that their investment in such a partnership might create taxable income or tax liabilities (so-called “phantom income”) in excess of cash distributions that are available from the partnership to pay such liabilities. Also, investors in one Fund may have divergent interests vis-à-vis investors in another Fund due to variations in terms among the Funds. For example, investors in one Fund may pay different fees and other charges, and may not have the same liquidity or redemption options as investors in the other Fund. Funds may also have different investment restrictions that make some investments available to one Fund when they are not available to another Fund. In addition, investors who hold their interests in investments via pooled investment vehicles may receive less information and have less favorable liquidity and termination rights compared to those who invest through direct, managed account arrangements. Each Fund is likely to have a diverse range of investors that may have conflicting interests that stem from differences in investment preferences, domicile, tax status and regulatory status.
- *Cybersecurity Risk.* The information and technology systems of the Firm and of its service providers may be vulnerable to potential damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events. Although the Firm and its network service providers have implemented various measures designed to manage risks relating to these types of events, if these systems are compromised, the Firm could have to invest in fixing or replacing them and to seek to remedy the effect of these issues. The failure of these systems and/or of disaster recovery plans could cause interruptions in the operations of the Firm and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information.

## **Item 9: Disciplinary Information**

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There is nothing to report in this section.

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

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### **10.1 Broker-Dealer Registration**

The Principals are not registered with the SEC as broker-dealers or registered representatives.

### **10.2 Commodity Pool Operator, Commodity Trading Adviser, Futures Commission Merchant Registration**

The Firm is exempt from registration with the Commodity Futures Trading Commission (“CFTC”) as a commodity pool operator (“CPO”), a commodity trading adviser (“CTA”) or a futures commission merchant (“FCM”), although it may register as a CPO and/or CTA in the future.

### **10.3 Other Material Relationships**

Generally, the Firm establishes a separate Delaware partnership or limited liability company to serve as the general partner and/or managing member of each Fund that it sponsors. In all cases, these general partner or managing member entities are controlled by the Principals. In some cases, such general partner or managing member directly performs investment advisory services to the Fund instead of the Firm. In such cases and as identified below, these advisors are included in our Form ADV filings as Relying Advisers. Our affiliated general partners and managing members include:

- (i) ES NPV I GP, LLC is the general partner of and an investment adviser to a pooled investment vehicle, ES NPV I Holdings, LP (“ES NPV I Holdings”). SIF and an unrelated co-investor are partners of ES NPV I Holdings, which is in the process of being wound down after a sale transaction. ES NPV I Holdings is a Relying Adviser.
- (ii) ES NPV II GP, LLC is the general partner and an investment adviser to a pooled investment vehicle, ES NPV II Holdings, LP (“ES NPV II Holdings”). SIF and an unrelated co-investor are partners of ES NPV II Holdings. ES NPV II Holding’s purpose is to invest in solar projects in Japan. ES NPV II GP is a Relying Adviser.
- (iii) EverStream Solar Infrastructure Fund I GP, LP. The general partner of SIF and related alternative investment vehicles.
- (iv) ES SIF DG Solar I GP, LLC (“DG GP”) is the general partner and an investment adviser to DG Solar Partners I, LLC (“DG Solar”). SIF and an unrelated co-investor are partners in DG Solar. DG Solar indirectly owns certain solar projects in the United States and is in the process of being wound down after a sale transaction. DG GP is a Relying Adviser.
- (v) Administradora Claro-EverStream SA, a Chilean corporation (“Administradora”). Administradora is the managing member of and provides investment advice to a single-purpose Chilean pooled investment vehicle, Fondo de Inversion Privado Helios (“FIP Helios”). FIP Helios co-owns a solar power project in Chile through a single-purpose holding entity, San Andres Holding, SPA, a Chilean company (“San Andres Holding”). SIF is an investor in FIP Helios. The only other owner of FIP Helios are Chilean persons. Other owners of FIP Helios are (a) an unrelated Chilean company with whom Administradora has a separate advisory relationship as a Managed Account. We share control of Administradora with a Chilean investment manager. SIF is the only U.S. investor in FIP and, indirectly, in San Andres Holdings. Administradora is exempt from registration with the SEC as a foreign private adviser.

The Firm does not believe that any material conflicts of interest result from its relationships with the above entities.

### **10.4 Other Financial Industry Activities or Affiliations**

The Firm does not recommend or select other investment advisers for Clients. In addition, the Firm does not receive compensation directly or indirectly from other investment advisers and does not have other business relationships with other investment advisers.

Certain persons who are supervised persons of the Firm may spend part of their time on affairs of other financial/investment entities. This may present a conflict of interest, for example, when the other entities require a significant amount of the supervised persons' time. To mitigate this potential conflict, the Firm's management periodically evaluates the Firm's resources to ensure that they are sufficient to meet Clients' needs. Also, all supervised persons are required to obtain approval for outside activities and to operate under the Firm's compliance policies and procedures, including the Code of Ethics (described below).

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

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The Firm has adopted a Code of Ethics for all Supervised Persons, as defined for Advisers Act purposes, of the Firm describing its high standard of business conduct, and fiduciary duty to its Clients. The Firm's Code of Ethics includes provisions relating to the confidentiality of Client information, a prohibition on insider trading, reporting of certain gifts and business entertainment items, personal securities trading procedures, the allocation of investment opportunities among Clients, trading by personnel in securities also held by Clients, investments by clients in which the Firm's related parties have financial interests, and cross-trades between Clients, among other things. All Firm employees and certain other persons under our supervision or control who provide investment advice on our behalf must acknowledge the terms of the Code of Ethics annually, or when it is amended. Investors may request a copy of the firm's Code of Ethics by contacting the Firm's Chief Compliance Officer, Peter J. Lee, [pj.lee@everstreamcapital.com](mailto:pj.lee@everstreamcapital.com).

### ***11.1 Conflicts of Interest***

The Firm manages actual and potential conflicts of interest, including co-investment opportunity and expense allocation, participation by Principals and other related persons in Client transactions, trading by such persons for their own accounts, investments by clients in which the Firm's related parties have financial interests, and cross-trades among Clients, in accordance with the Firm's Code of Ethics.

In certain cases, during the course of identifying investment opportunities for Clients, the Firm may encounter what it considers an attractive investment with limited capacity available and/or that is suitable for more than one Client. If such an investment opportunity satisfies the investment criteria of, and is permissible for, more than one Client, the Firm will seek to allocate the investment opportunity among Clients in a manner which is fair and equitable under the circumstances and in accordance with its Code of Ethics and the governance documents of the Clients.

Officers, employees and other affiliates of the Firm may serve as directors (or in a similar capacity) of certain portfolio companies and, in that capacity, will be required to make decisions that they consider to be in the best interests of such portfolio companies and their equity holders. In certain circumstances, for example in situations involving an extraordinary transaction such as a merger or acquisition, or a bankruptcy or near-insolvency of a portfolio company, actions that may be in the best interest of the portfolio company may not be in the best interests of the Funds, and vice versa. Accordingly, in these situations, there will be conflicts of interests between such individual's duties as an officer, employee or affiliate of the Firm and such individual's duties as



a director of the portfolio company. Any such relationships are also subject to the Firm's Code of Ethics.

Affiliates or related parties of the Firm may also perform operational services for Clients or their portfolio companies, such as solar project development and management services, for which Clients incur Operating Services Fees. Our Japan-focused co-investment vehicle and SIF currently incur such fees in exchange for services provided by an affiliate of the Firm in Japan. In such cases, the Firm seeks to mitigate the conflict by disclosure and by requiring LPAC approval (defined below) and/or arms' length terms, in accordance with a Client's governing documents.

Affiliates of the Firm also own certain interests in Client portfolio investments. The Firm's affiliates typically have interests subordinated to those of our Clients in such cases. Specifically:

A subsidiary of EECM owns 100% of Enfinity NV, a Belgian global project developer ("NV"). SIF previously had senior secured and unsecured loan interests in NV, its parent and its global subsidiaries. EECM, in addition to certain of its principals and related persons, also own common equity interests in and serve as the directors of Enfinity Global LLC, a Delaware-based global project developer that EECM formed in August 2019 ("Global"). In October 2019, SIF converted its loan interests in NV and its subsidiaries, as well as a project investment in Japan, into preferred equity of Global. SIF's interest is senior in liquidation rights to common interests but subordinated to a different class of preferred interests owned by third parties unrelated to us. As part of the October 2019 transaction, EECM became 100% owner of NV. EECM was previously a control but not sole owner or manager. Global also acquired certain project assets in Europe from NV with an option to acquire others, as well as the "Enfinity" brand global intellectual property rights. Several of one of our European affiliate's key personnel previously providing operational development services for SIF's investments, and for which SIF paid fees, also transitioned to Enfinity Global in order to continue providing comparable services for those project assets. This had the effect of reducing operational costs for SIF. Being past its investment commitment period, SIF is no longer making new investments in Europe or elsewhere, and we believe this human resource transition provided a material benefit to SIF in cost savings without prejudicing the continued development and value maximization of its previous underlying investments. To the contrary, with what we believe to be sufficient equity capital and no long-term debt, we also believe that Global is well positioned to maximize the value of these assets. EECM had previously explored alternative capitalization options for these projects while still held by NV, but without success;

There is a conflict of interest in the relationship between EECM and Global because SIF has preferred equity in Global, while EECM has a subordinated common equity interest, and its principals and other related persons are directors of Global. EECM and related persons could benefit from such investment separately from any fees due to the Firm from Clients. We sought to mitigate this conflict by effecting our Code of Ethics' conflict management and disclosure procedures in accordance with SIF's governance documents, including prior disclosure and an opportunity to investigate and object to the transaction by SIF's LPAC.

SIF owns control positions in separate classes of membership interests in TEP Holdings. EECM also owns one class of membership interests in TEP Solar (India) Clean Energy Partners, LLC, a Delaware company ("TEP Holdings") that acts as the project developer and operator ("Devco"). Generally, SIF's interests are intended to fund and receive distributions from solar project investments, with different projects separated by different classes of equity. EECM's

interests in the Devco are in order to have operational involvement, governance, and oversee and control the decision making of the local development team who are employed to operate and manage the development and operational aspects for SIF's project investments. Compensation paid by the project entities are used to cover the overheads of the Devco and include incentive payments after preferred returns to SIF have been made. An unrelated third party ("TEP") owns minority interests in both classes of membership interests and until September 2019, it had held a majority interest in the Devco membership class as well as substantial management control rights of the Devco, but is now in the process of being restructured. SIF also has a \$5.5 million non-interest bearing note against a Mauritius subsidiary of TEP Holdings, which note relates to the reimbursement to SIF of certain Devco related project expenses. There is a conflict of interest in EECM's relationship with TEP Holdings because it owns a stake in the Devco and could receive economic benefit from development payments that SIF funds with its capital contributions to TEP Holdings. The proper capitalization to and distributions from the different classes of equity interests in TEP Holdings also require proper internal controls. We believe that such internal controls have improved since EECM assumed control from TEP of Devco's operations.

### ***11.2 Limited Partner Advisory Committee ("LPAC") Approvals***

We generally seek to establish an LPAC or similar governance body for each Fund. SIF has an LPAC. LPACs include representatives of investors that are not affiliated with the Firm. While the LPAC will not have a direct role in management of the Funds, it may be called upon to resolve potential conflicts of interest presented to it by a Fund's general partner or manager, such as a cross-fund investment, or certain related party transactions, and may have other approval rights with respect to a Fund's investments. The Firm prepares materials and presentations for the LPAC with respect to any matters requiring their approval and the consents of members required to be received are generally documented via written or email communications.

## **Item 12: Brokerage Practices**

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### ***12.1 Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions***

The Firm, by nature of its private equity focus, invests primarily in private companies. On occasion, however, the Firm may take a portfolio company public or merge a portfolio company into a public company for cash and/or publicly-traded securities. As part of an exit strategy, any publicly-traded securities acquired on behalf of a Fund may be sold in the public markets.

Though not currently contemplated, if the Firm decides to transact in publicly-traded securities in the open market as part of a portfolio company acquisition or exit strategy, investment professionals will evaluate strategies for trading in such public securities. Strategies may include holding securities over the short or long term, selling securities over the short or long term, or distributing securities to investors, among other things. Our investment professionals will seek "best execution" for any open market purchase or sale of securities in connection with the implementation of these strategies.

"Best execution" is not synonymous with lowest brokerage commissions or other transaction costs. In determining whether a particular broker-dealer is likely to provide best execution in a

particular transaction, the Firm takes into account all factors that it deems relevant to the broker-dealer's execution capability, which may include, but not be limited to the following: listed bids and asks; market making activities of the broker-dealer in the securities; the opportunity for price improvement; transaction costs; anonymity; liquidity; speed of execution; expertise with difficult securities; trading style and strategy; geographic location; and frequency of errors.

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). While it does not currently do so, in the future the Firm may receive products or services from broker-dealers and other counterparties that to the company's knowledge are generally made available to all institutional clients doing business with these counterparties, provided that these products and services are made available to the Firm 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.

## **12.2 Order Aggregation**

Order aggregation is not currently an issue for the Firm, as on the rare occasion it executes a trade in publicly traded securities, it only does so for one Client at a time. In general and in accordance with the Firms' Order Aggregation Policy, should two or more Clients need to engage in a transaction for the same security based on their investment objectives, the Firm will aggregate the order where doing so provides for best execution and more favorable commission rates or other brokerage costs than if the transaction were entered separately for each Client.

Please refer to the Code of Ethics section above for further information on how the Firm may allocate limited investment opportunities among Clients.

As a matter of policy, in the event that two or more Clients are able to make or divest an investment at the same time, the Investment Committee considers various factors relevant to the particular transaction, which may include the investment objectives of each Client, the capital commitments available for investment by each Client, and the allocation rules (if any) set forth in each Client's investment management agreement or governing documents. The Investment Committee will seek to make an allocation that is fair to all Clients.

## **Item 13: Review of Accounts**

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### **13.1 Review of Accounts**

Fund investments are reviewed on a continuous basis by the Firm's investment team. These reviews are designed to monitor and analyze transactions, positions, and investment levels. Particular attention is given to changes in the condition of a company, fundamentals, industry outlook, market outlook, and price levels. Generally, these reviews are performed by the Investment Committee with the support of Supervised Persons.

### **13.2 Factors Triggering a Review**

The Firm also performs reviews of a Client's investments as appropriate based on, among other things, changes in market conditions, changes in security positions or changes in a Client's



investment objectives or policies.

### **13.3 Client Reports**

Typically, the Firm provides investors in Clients with audited annual financial statements and unaudited interim financial information in accordance with the terms set forth in each Client's private placement memorandum and organizational documents.

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

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### **14.1 Other Compensation**

No person who is not a Client provides an economic benefit to the Firm for providing investment advice or other advisory services to our Clients.

### **14.2 Compensation for Client Referrals**

The Firm currently does not have an arrangement for receiving compensation for referring clients to other advisers or other investments not under the Firm's supervision.

Certain persons who assist the Firm with the offering of limited partnership or membership interests in the Funds may be paid sales charges and other compensation, which may, in the discretion of the Firm, be borne by specific investors in the Fund, by the Fund itself or by the Firm and its affiliates. Investors will be informed of any such compensation arrangements prior to their admission to the Fund. The Firm will only compensate financial professionals that are FINRA-licensed as broker-dealers, broker-dealer representatives or licensed agents, or demonstrate some exemption from licensing.

## **Item 15: Custody**

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The Firm conducts all business operations in such a way that each Client's cash and securities, other than privately offered non-certificated securities, will be preserved in the safekeeping of independent qualified custodians. An independent public accountant audits the Clients annually, and the audited financial statements are distributed to the investors in Clients.

## **Item 16: Investment Discretion**

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By executing a Fund's organizational documents or a Managed Account's discretionary investment management agreement, Clients grant the Firm power of attorney and discretionary authority to act on the investor's behalf in managing the Fund's or Managed Account's investments, subject to any limitations in such documents. We do not have full discretionary authority over the accounts of many of our Clients, for example because they are our Clients with respect to a single investment, investors in our Clients have approval rights with respect to some or all investments, and/or investors in our Clients or Client governance documents dictate investment horizons of our Client's investments.

## **Item 17: Voting Client Securities**

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For any security held by a Client that entails a voting right in the underlying company, the Firm will have authority to vote securities, unless directed otherwise by a Client. All voting issues, proxies, and solicitations will be decided by the Firm in its capacity as investment adviser. If the Firm detects a material conflict of interest in connection with a prospective vote, the Firm will take steps to ensure that its voting decision is based on the best interests of Clients and is not a product of the conflict. The Firm will generally seek the advice of an LPAC and/or take other action in good faith (in consultation with the Firm's outside counsel) which would serve the best interests of Clients. SIF's LPAC will have approval rights in such cases.

The Investment Committee will determine on a case-by-case basis whether Clients will participate in class actions.

## **Item 18: Financial Information**

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No management fees are payable to the Firm by Clients more than six months in advance. As such, the Firm is not required to include herein its balance sheet for the most recent fiscal year or disclose information about its financial position. Nonetheless, the Firm is not aware of any financial conditions that are reasonably likely to impair its ability to meet its contractual obligations to its Clients. The Firm has never been the subject of a bankruptcy petition.