

**ITEM 1      COVER PAGE**

Form ADV Part 2A

**MGM Innova Cap Management LLC**

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March 30, 2022

This brochure provides information about the qualifications and business practices of MGM Innova Cap Management LLC. If you have any questions about the contents of this brochure, please contact us at (786) 437-2335 and/or [admin@mgminnovacap.com](mailto:admin@mgminnovacap.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

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

MGM Innova Cap Management LLC is an investment adviser registered with the SEC. Registration of an investment adviser does not imply any level of skill or training.

## **ITEM 2 MATERIAL CHANGES**

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Generally, MGM Innova Cap Management LLC (the "Firm" or "MGM") will notify clients of material changes on an annual basis. However, where we determine that an interim notification is either meaningful or required, we will notify our clients promptly. In either case, we will notify our clients in a separate document.

No material changes have occurred since the Firm's last Form ADV filing on March 30, 2021.

The latest version of the Brochure can be accessed via the SEC Website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov), by requesting a copy by contacting MGM's Chief Compliance Officer, at [mariapiai@mgmholdings.us](mailto:mariapiai@mgmholdings.us), or by calling MGM at (786) 437-2335.

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## **ITEM 4      ADVISORY BUSINESS**

### **General Description of Adviser and Principal Owners**

MGM Innova Cap Management LLC (the “Firm” or “MGM”) is a Florida limited liability company that was formed in 2018. MGM maintains its principal office at 2 S. Biscayne Blvd., Suite 2610, Miami, FL 33131. The Firm is beneficially owned by Mr. Marco Monroy and Ms. Maria Iannariello, who currently control 100% of the voting equity of the Firm.

MGM employs approximately nine persons engaged in portfolio management or investment research, investment operations, client service, and legal and compliance activities.

The Firm maintains a branch office at MGM Innova Capital Colombia SAS, Carrera 43A No. 1-50, Torre 4 Oficina 315, Medellin, Columbia 57 4 3260584.

### **Types of Advisory Services**

MGM offers investment advisory services to private equity funds focusing on energy efficiency and renewable energy investment opportunities in Latin America and the Caribbean. The Firm’s investments consist primarily in equity, quasi-equity and/or mezzanine project finance opportunities in energy efficiency and projects targeted at the commercial, municipal, industrial and residential sectors. The Firm also pursues opportunistically small scale renewable energy investments at early stage of development.

The Firm’s private equity investments follow strict environmental, social and governance (ESG) guidelines and are expected to optimize energy and water consumption, reducing greenhouse gas (“GHG”) emissions and improving energy security, and create jobs for small and medium-sized local enterprises (“SMEs”). Through these strategies, the Firm seeks to contribute towards sustainable development through the implementation of projects that mitigate and help adapt to the effects of climate change.

For additional information about these investment strategies please refer to Item 8.

MGM provides investment advisory services to private funds (the “Private Funds” or “Clients”) consisting of two primary funds:

- MGM Sustainable Energy Fund L.P., a Canadian limited partnership; and
- MGM Sustainable Energy Fund II L.P., a Canadian limited partnership;

and two parallel funds:

- MGM Sustainable Energy Fund II (Luxembourg) SCSP, a Luxembourg special limited partnership (the “Luxembourg Parallel Fund”); and
- MGM Sustainable Energy Ontario Parallel Fund II L.P., a Canadian limited partnership.

### **Investment Strategies and Restrictions**

MGM manages its Clients based on each Client's strategies, restrictions, and guidelines and does not tailor its advisory services to any particular Client except as described below.

MGM provides its investment advisory services in accordance with the specific investment objectives and restrictions of each Client, in accordance with and subject to the directions, guidelines, and limitations imposed by the Client through, as applicable, the investment management agreement, private placement memorandum, limited partnership agreement and/or other governing documents (the "Governing Documents").

MGM's investment discretion with respect to managing its Private Funds Clients is also subject to the parameters provided by and oversight of the respective Private Fund's governing body (*e.g.*, Advisory Board or General Partner).

Generally, the investment advice offered by the Firm is limited to the investment strategies described above. However, the Firm will manage other strategies at the specific request of a Client subject to review and agreement on the type of strategy, applicable investment restrictions, minimum account size and agreement on fees.

### **Assets Under Management**

As of December 31, 2021, MGM managed assets of approximately \$162.2 million, all on a discretionary basis.

## **ITEM 5 FEES AND COMPENSATION**

Compensation earned by the Firm for the provision of investment advisory services to its Clients is comprised of management fees based on a percentage of a) capital committed during the investment period and b) assets under management post-investment period. In addition, the Firm charges performance fees for its services as further described herein. Fees and compensation are described within the Governing Documents for each Client that we manage.

Excepted as noted below, all advisory fee invoices are sent to Clients at the beginning of each calendar quarter for services to be rendered in the upcoming quarter. Fees are deducted directly from Client accounts if the Client has consented to such deductions in writing.

Note that management fees are generally calculated by MGM's internal Fund Administration team as per the Governing Documents.

The following is a general description of fees typically charged by MGM for its investment advisory services. Investors and Clients should refer to the Governing Documents for complete information on fees and compensation.

### **Advisory Fees for Private Funds**

In its capacity as investment manager to the Private Funds, MGM receives an investment management fee that ranges from 1.60% to 2.00% per annum of the respective Fund's aggregate a) committed capital during the investment period or b) assets under management during the post-

investment period, depending upon the level of committed capital or assets under management, respectively. In addition, MGM is entitled to receive from the Private Funds' investors a performance-based fee (also known as an incentive allocation) equal to 20% of all cash distributions to investors, subject to various contingencies such as a hurdle rate or other conditions. MGM Private Fund fees are described in more detail in each Fund's Offering Memorandum and/or respective limited partnership agreement or other Governing Documents. See Section 6 below for a description of Performance Based Fees.

Fees are generally billed quarterly, on the first day of the quarter for services to be provided in the upcoming quarter, as specified in the investment management agreement or other Governing Documents.

### **Other Fees and Expenses**

MGM provides Fund Administration services to its Clients and charges a fixed fee for such services depending upon the aggregate amount of assets under management.

In addition, subject to review and approval of the Private Funds' Advisory Committee, the Firm, each general partner to a Private Fund, and certain Key Executive Persons (as defined in the applicable limited partnership agreements) and their respective affiliates may engage in transactions with the Private Funds or any portfolio company or project related entity on terms provided for in the applicable limited partnership agreement and are entitled to retain any fees resulting from such transactions.

Neither MGM nor any of its supervised persons accepts compensation for the sale of securities or other investment products (other than indirectly through the management fees charged for MGM's advisory services generally).

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

MGM charges performance-based fees to its Clients in connection with its management of the Private Funds. MGM receives a performance-based profit allocation upon distribution of cash to limited partners of each of the Private Funds. The performance fee is equal to twenty percent (20%) of the distributed cash after payment to the limited partners of a) 100% of their aggregate capital contributions as of the time of such distributions; and b) an amount equal to 8% compounded annually on the sum of unreturned capital contributions, calculated from the date of the applicable capital contribution is made by such limited partners through the calendar day immediately preceding the date on which the capital contribution is returned to such limited partners. Performance fees are subject to certain escrow and claw-back provisions provided for in the applicable limited partnership agreements or other Governing Documents.

Performance-based fees may create an incentive for certain investment advisors to favor accounts having performance-based fees over asset-based fee accounts or make investments that are riskier

or more speculative than would be the case in the absence of performance-based fee clients. MGM does not manage accounts with only asset-based fee structure and therefore does have exposure to conflicts resulting from such side-by-side management.

## **ITEM 7      TYPES OF CLIENTS**

MGM provides advisory services to clients on a non-discretionary basis consisting of its Private Funds. Investors in the Private Funds are primarily institutional investors consisting of development banks and other institutional entities.

The minimum investment subscription for a Private Fund is generally \$1,000,000. MGM may waive these minimums at its discretion. Additional information about the minimum investments for each Client and other investment qualifications and conditions are described in the applicable Governing Documents.

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

### **Methods of Analysis**

The Firm invests in equity, quasi-equity, and mezzanine structured investments that facilitate the implementation of energy efficiency and renewable energy projects. The Firm targets investments primarily in Latin America and the Caribbean, with the size of investments normally in the range of US \$1 million to US\$15 million (and the minimum size being US\$500,000).

The investment methodology utilizes a number of factors to identify opportunities addressing the energy use optimization and/or equipment modernization needs of the commercial, municipal and industrial sectors. Our investment methodology involves: a) assessing the business opportunity by measuring current energy consumptions and identifying opportunities for optimization through technology modernization, converting waste to energy for internal consumption, cogeneration or a combination of the above, (b) determining whether the potential energy optimization measures would be attractive enough to generate the targeted financial return for the investment during a specific time frame; and (c) determining the contract terms and structure that would satisfy local regulatory requirements while minimizing implementation risks and maximizing payback potential.

### **Investment Strategies**

Our investment strategies involve structuring projects in such a way that the generated savings - or energy supplied – from the optimization is sufficient to pay for the investment and achieve the desired financial return for the investment. The objective is that the owners/sponsors of portfolio investments should not have to incur any expense in the identification and structuring of the investment, and that their monthly energy costs should not increase – i.e., in all cases, the

owners/sponsors should experience energy costs that are the same or less than before with the benefit of new equipment, enhanced operational conditions and lower maintenance costs.

The Firm seeks investment with a strong sustainability component that creates opportunities for local small and medium sized enterprises (“SMEs”). These investments include, without limitation, the following project types: (i) residential, commercial, industrial and municipal energy efficiency projects including technologies such as efficient air conditioners, efficient refrigerators, solar water heaters, LEDs, optimization of industrial processes and equipment, street lighting; and (ii) other projects including small-scale, early-stage renewable energy projects.

The target geography of the investments by the Firm is primarily Latin America and the Caribbean. The Firm also may invest in carefully selected opportunities in Southeast Asia countries.

### **Investment Structures**

Investments are structured as i) lease agreements based on shared savings of energy or water supplied, ii) energy or water services supply agreements, and/or iii) subordinated loan agreements (typically for larger size projects that have secured senior debt financing). The first two are always structured through special purpose vehicles (“SPVs”) at the local level to facilitate contracting with local clients. Subordinated debt agreements, depending on the jurisdiction, are structured through SPVs or the Private Fund vehicle directly.

Investments in renewable energy projects such as hydro, landfill gas to energy or utility scale solar, are typically structured through local SPVs to comply with local regulatory requirements. These investments are typically early-stage projects and are structured as power purchase agreements, subordinated debt, leasing or energy service supply contracts.

The Firm may also structure investments as equity participations in the project SPVs or the parent holding companies on an opportunistic basis depending upon a variety of factors such as the successful track record of the project sponsors.

### **Risk of Loss**

While the Firm seeks to manage its Private Funds so that risks are appropriate to the return potential for the strategy, it is often not possible to fully mitigate risks. As with any investment, loss of principal is a risk of investing in accordance with the investment strategies described above. The following summary of risk factors does not claim to be a complete account or explanation of the risks involved in the investment strategy. Existing and prospective clients and investors are encouraged to consult their own financial advisors and legal and tax professionals, and the investment guidelines, prospectuses or offering memorandum and other Governing Documents specific to each Private Fund before considering any services of the Firm. In addition, due to the ever-changing nature of the markets, strategies may be subject to additional risk factors not mentioned below.

*Possibility of Losses.* An investment in the Firm strategies is speculative and involves a high degree of risk, including the risk that the entire amount invested may be lost. The value of interests in the Private Funds will fluctuate based upon a multitude of factors, including the financial



condition, results of operations and prospects of the owners/sponsors of the underlying portfolio projects; governmental intervention; market conditions; and local, regional, national and global economic conditions. Therefore, investors may lose all or a portion of their principal invested if the investment strategies are not successful.

*Dependence on Key Personnel.* The success of each Private Fund depends in substantial part on the skill and expertise of the principals and other employees of the Firm. There can be no assurance that the principals or other employees of the Firm will continue to be employed throughout the term of the applicable Fund. The loss of key personnel could have a material adverse effect on the Private Fund. Moreover, the senior officers and other investment professionals of the Firm may devote some business time to other aspects of the Firm's business.

*Competitive Marketplace.* The Firm will be competing with a significant number of other funds and businesses (including those with greater financial resources, more extensive experience and other capabilities, and a larger number of qualified managerial and technical personnel) that wish to invest in energy efficiency projects and renewable energy projects. As a result of this competition, there can be no assurance that the Firm will be able to close on sufficient investment opportunities in order to generate the Firm's projected return on investment.

*Commodity Price Risk.* The price of energy is significantly impacted by the prices of commodities such as oil, natural gas and coal. Adverse price movements may affect the value and number of investments made by the Firm or considered for prospective investment.

*Focused Investment Strategy.* The Firm and each of its Private Funds has a specific investment focus. Such an investment approach is inherently risky and could cause an investor's investment to be more susceptible to particular economic, political, regulatory or industry conditions compared with an investment strategy that is more diversified or has a broader industry and/or geographical focus or a greater number of investments.

*Emerging Markets Risk.* The Firm's investments in companies operating in Latin America and the Caribbean will involve certain risks not typically associated with investments in the securities of companies in more developed markets. The Firm will attempt to manage the Private Funds in a manner designed to minimize these risks relative to the potential for gain, but such risks cannot be eliminated entirely. These risks may increase expenses of the Private Funds, adversely affect the value of the Private Funds' investments and adversely impact the Private Funds' investment program performance and strategy. These risks include:

*Economic Risks.* The economies of countries in Latin America and the Caribbean may perform favorably or unfavorably compared with more developed economies in such respects as growth of gross domestic product, rate of inflation, currency appreciation or depreciation, capital reinvestment, resource self-sufficiency and balance of payments. The economies of countries in Latin America and the Caribbean generally are heavily dependent upon international trade and, accordingly, may be affected adversely by protective trade barriers and economic conditions in the countries with which they trade. In addition, the economies of certain countries in Latin America and the Caribbean are vulnerable to weaknesses in world prices for their commodity exports. Certain countries in Latin America and the Caribbean have from time-to-time experienced high rates of inflation and have extensive external debt.

*Political and Social Risks.* The Private Funds will be exposed to the direct and indirect consequences of potential political, economic, social and diplomatic changes in the region. Certain countries in Latin America and the Caribbean face social and political instability resulting from, among other things; (a) authoritarian governments or military involvement in political and economic decision-making and changes in government through extra-constitutional means; (b) popular unrest and internal insurgencies associated with demands for improved political, economic and social conditions; (c) hostile relations with neighboring countries; and (d) ethnic, racial and religious conflict. With respect to certain countries where the Firm is expected to invest, there is the possibility of nationalization, expropriation or confiscatory taxation, political changes, governmental regulation, social instability or diplomatic developments (including war) that could adversely affect the economies of such countries or the value of the Private Funds' investments in those countries.

Certain countries in Latin America and the Caribbean have experienced governmental corruption to some degree and, in certain circumstances, strict compliance with anti-bribery laws may conflict with local customs and practices. The Firm may be subject to competitive disadvantages to the extent that its competitors are able to secure business, licenses or other preferential treatment by making payments to government officials and others in positions of influence or using other methods that U.S. laws and regulations prohibit the Firm from using.

In addition, it may be difficult to obtain and enforce a judgment in a court outside of the U.S. or Canada.

*Legal Risks.* Laws and regulations in certain jurisdictions, particularly those relating to foreign investment and taxation, may be subject to change or evolving interpretation. Further, situations may arise where legal action is pursued in multiple jurisdictions. The Firm may not be in a position to take legal or management control of its investments in certain countries in Latin America and the Caribbean. It may have limited legal recourse in the event of a dispute, and remedies might have to be pursued in the courts of the country in question where it may be difficult to obtain and enforce a judgment.

*Investment Restriction Risks.* Some countries in which the Firm is expected to invest have laws and regulations that, to varying degrees, preclude or restrict direct foreign investment, limit the types of securities that foreigners may buy, or limit foreign investors to special investment structures. In some countries in Latin America and the Caribbean, foreigners are precluded from investing in certain economic sectors (such as communications or natural resources). Moreover, prior governmental approval for foreign investments may be required in some countries and the extent of foreign investment in domestic companies may be subject to limitation in other countries. Foreign ownership limitations also may be imposed by the constitutions of individual companies.

*Accounting Standards Risks.* Investments may be made in countries where generally accepted accounting standards and practices differ significantly from those practiced in more developed countries. The evaluation of potential investments and the ability to perform due diligence may be affected. The financial information appearing on the financial statements of a company

operating in one or more countries in Latin America and the Caribbean may not reflect its financial position or results of operations in the way that they would be reflected if the financial statements had been prepared in accordance with the generally accepted accounting principles of more developed countries.

*Tax Risks.* There may be changes in the tax laws of the countries in Latin America and the Caribbean and elsewhere or interpretations of such tax laws adverse to the Private Funds or individual investors. There can be no assurance that the structure of the Private Funds or of any investment will be tax-efficient to any particular investor. Prospective investors are urged to consult their tax own advisers with reference to their specific tax situations and to any special issues that investment in the Private Funds may raise for such investors. Tax laws and practices in certain jurisdictions in Latin America and the Caribbean are at an early stage of development and are not as clearly established as in Western nations. The taxation systems in certain jurisdictions in Latin America and the Caribbean, in particular, may be subject to varying interpretations, frequent changes and inconsistent enforcement at the federal, regional and local levels. In certain jurisdictions in Latin America and the Caribbean, the domestic tax burden may be high and the discretion of local authorities to create new forms of taxation may result in a proliferation of taxes.

The countries in which the Private Funds may invest impose taxes on certain types of income such as dividends, interest and in some instances capital gains. Although such taxes may be subject to reduction to the extent that limited partners of the Private Funds are entitled to the benefits of an income tax treaty between their home jurisdiction and the other jurisdictions in which the Private Funds invest, there can be no assurance that treaty benefits will be available in any particular case, as this will be dependent on the terms of the treaty and the timely provision of certifications and other documentation. Furthermore, even if limited partners are entitled to treaty benefits, withholding taxes may still be deducted by the payers of income, with a material time delay before refunds of such withholding taxes can be obtained from the relevant taxing authority. In addition, changes in the tax laws or tax treaties (or their interpretation) of the countries in which the Private Funds invest may severely and adversely affect the Private Funds' ability to efficiently realize income or capital gains and may subject the Private Funds or the limited partners to tax and return filing obligations in such countries. There are a number of complex tax issues related to an investment in the Private Funds. Prospective investors are urged to consult their own tax advisers with specific reference to their own situations concerning an investment in the Private Funds.

*Financial Intermediary Risks.* Certain of the Private Funds' transactions may be undertaken through local brokers, banks or other organizations in Latin America and the Caribbean, and the Private Fund will be subject to the risk of default, insolvency or fraud of such organizations. There can be no assurance that any money advanced to such organizations will be repaid or that the Private Funds would have any recourse in the event of default. The collection, transfer and deposit of bearer securities and cash expose the Private Funds to a variety of risks including theft, loss and destruction. The Private Funds will also be dependent upon the general soundness of the banking systems of the countries in Latin America and the Caribbean.

*Foreign Currency and Exchange Risks.* A significant portion of investments made by the Firm, and all income and gains received by the Private Funds, may be denominated in currencies other than dollars. Changes in foreign currency exchange rates may affect the value of securities in the Private Funds' portfolios. Governmental policies in some countries in Latin America and the Caribbean may result in artificially pegged exchange rates that may distort the results of and returns on portfolio investments in such countries. Moreover, the Private Funds will incur costs in connection with conversions between various currencies. The Private Funds will conduct their respective foreign currency exchange transactions either on a spot (i.e. cash) basis at the spot rate prevailing in the foreign currency exchange market, or through entering into forward, futures or options contracts to purchase or sell foreign currencies. There can be no guarantee that instruments suitable for hedging market shifts will be available at the time when the Private Funds wish to use them. Moreover, in many countries in Latin America and the Caribbean, the markets for hedging instruments are not highly developed and may be restricted by governmental regulation. Repatriation of investment income, capital and the proceeds from sales of securities by foreign investors such as the Private Funds may require governmental registration and approval in some countries in Latin America and the Caribbean. The Private Funds could be adversely affected by delays in or a refusal to grant required governmental registration or approval for any such proposed repatriation.

*Environmental Liability Risk.* The Private Funds could face substantial risk of loss from environmental claims should an investment have undisclosed or unknown environmental problems or should the Private Funds have inadequate reserves or insurance for previously identified matters. Environmental claims with respect to an investment may exceed the value of the investment. Should one or more investments have environmental problems then returns to limited partners may be adversely impacted.

*Liquidity Risks.* The Private Funds' investments are illiquid and there may be no readily available market for such investments should the Private Funds need to liquidate one or more investments. The Private Funds' investments may also be difficult to value.

*Regulatory Risks.* The Firm makes investments in the energy and environmental markets sector, which is or may become subject to regulation by various international agencies, and the agencies of the countries in which they operate. The Private Funds (or their investments) may also become subject to new economic sanctions laws and/or new anti-bribery laws (or existing economic sanctions laws and/or existing anti-bribery laws to which the Private Funds (or their investments) are currently subject may be modified in the future). New and existing regulations, changing regulatory schemes and the burdens of regulatory compliance all may have a material negative impact on the performance of investments in these sectors. The Firm cannot predict whether new legislation or regulation governing that sector will be enacted by legislative bodies or governmental agencies, nor can they predict what effect such legislation or regulation might have. There can be no assurance that new legislation or regulation, including changes to existing laws and regulations, will not have a material negative impact on the Private Funds' investment performance.

*General Risks*

*Risk of Failing to Adequately Address Conflicts of Interest.* As the Firm has expanded its investment operations, it increasingly confronts potential conflicts of interest relating to investment activities. While the Firm attempts to identify, mitigate and disclose all materials conflicts, any failure to appropriately address material conflicts of interest could expose the Firm to regulatory and other risks that could adversely affect the Firm's business.

*Cybersecurity.* Clients and investors depend on the Firm to develop and implement appropriate systems for client activities. The Firm relies extensively on computer programs and systems (and may rely on new systems and technology in the future) for various purposes including, without limitation, evaluating certain investments, monitoring client portfolios, and generating risk management and other reports that are critical to oversight of client activities. The Firm's operations will be dependent upon systems operated by third parties, including project sponsors and their respective providers. The service providers may also depend on information technology systems and, notwithstanding the diligence that the Firm may perform on their service providers, the Firm may not be in a position to verify the risks or reliability of such information technology systems.

*Business Continuity and Disaster Recovery Risks.* The Firm's business operations may be vulnerable to disruption in the case of catastrophic events such as fires, natural disaster, terrorist attacks or other circumstances resulting in property damage, network interruption and/or prolong power outages. Although the Firm has implemented, or expects to implement, measures to manage risks relating to these types of events, there can be no assurances that all contingencies can be planned for. These risks of loss can be substantial and could have a material adverse effect on the Firm and investments therein.

*Epidemics, Pandemics and Public Health Emergencies.* As of the date of this Brochure, the outbreak of a novel and highly contagious form of coronavirus ("**COVID-19**") continues, which the World Health Organization had declared to constitute a "Public Health Emergency of International Concern." The outbreak of COVID-19 has resulted in numerous deaths, adversely impacted global commercial activity and contributed to significant volatility in certain capital markets. The global impact of the outbreak continues to evolve, and many countries, states, provinces, districts, departments and municipalities have reacted by instituting quarantines, curfews, prohibitions on travel and the closure of offices, businesses, schools, retail stores and other public venues, including certain infrastructure structures and facilities.

Businesses have also implemented similar precautionary measures. Such measures, as well as the ongoing uncertainty surrounding the dangers and impact of COVID-19, are creating significant disruption in supply chains and economic activity and are having a particularly adverse impact on many industries. As COVID-19 continues to be a threat, the potential impacts, including a global, regional or other economic recession, remain uncertain and difficult to assess.

Any public health emergency, including any outbreak of COVID-19, SARS, H1N1/09 flu, avian flu, other coronavirus, Ebola or other existing or new epidemic diseases, or the threat thereof, could have a significant adverse impact on the Firm, its Clients and its investments and could adversely affect the Firm's ability to fulfill its Clients' investment objectives.

The extent of the impact of any epidemic, pandemic or public health emergency on the operational and financial performance of the Firm or any of its Clients will depend on many factors, including the duration and scope of emergency, the extent of any related travel advisories and restrictions implemented, the impact of such emergency on overall supply and demand, goods and services, investor liquidity, consumer confidence and levels of economic activity and the extent of its disruption to important global, regional and local supply chains and economic markets, all of which are highly uncertain and cannot be predicted. The effects of an epidemic, pandemic or public health emergency may materially and adversely impact the value and performance of the Firm's and its Clients' investments as well as the ability of the Firm to source, manage and divest investments and achieve its investment objectives, all of which could result in significant losses to the Client. In addition, the operations of each of the Firm, its Clients and investments may be significantly impacted, or even halted, either temporarily or on a long-term basis, as a result of government quarantine and curfew measures, voluntary and precautionary restrictions on travel or meetings and other factors related to a public health emergency, including its potential adverse impact on the health of any such entity's personnel.

*Volatility Caused by World Events:* In February 2022, Russian forces invaded Ukraine resulting in economic sanctions imposed by a number of countries, including the United States. Among the sanctions imposed by the United States (and others) is a ban on imports of all Russian oil. The events in Ukraine have impacted supply chains, increased overall demand and created volatility and uncertainty in global markets. The Russian invasion, the response and future subsequent events can all have a substantial negative impact on the performance of Client portfolios.

In addition, in recent years, world events such as terrorism, natural disasters and the political and social turmoil in the Middle East have also resulted in substantial and erratic fluctuations in the performance of the economy in general and participants in the global economy generally. Similar events and resulting fluctuations could have a substantial impact on the performance of investments in Client accounts.

## **ITEM 9      DISCIPLINARY INFORMATION**

There are no legal or disciplinary events that are material to a client's or a prospective client's evaluation of the Firm's advisory business or the integrity of its management.

## **ITEM 10    OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

- A. The Firm does not engage in activities requiring broker-dealer representation. Neither the Firm nor any of its management persons are registered, or have an application pending to register, as a broker-dealer or registered representative of a broker-dealer.
- B. Neither the Firm nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

- C. Neither the Firm nor its management persons maintain any relationship or arrangement that is material to its advisory business or to its Clients that creates a material conflict of interest with Clients, including without limitation: any broker-dealer, municipal securities dealer, or government securities dealer or broker; any investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund” and offshore fund; other investment adviser or financial planner; futures commission merchant, commodity pool operator, or commodity trading adviser; banking or thrift institution; accountant or accounting firm; lawyer or law firm; insurance company or agency; pension consultant; real estate broker or dealer; sponsor or syndicator of limited partnerships.

Notwithstanding the foregoing, to the extent permitted under the applicable limited partnership agreements, the Firm, its affiliates, and certain of their key employees may engage in transactions with the Private Funds or any investee company on the terms provided for in the applicable limited partnership agreement and are entitled to retain any fees resulting from such transactions.

- A. Neither the Firm nor any of its management persons recommend or select other investment advisers for our Clients.

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

MGM has adopted and implemented a Code of Ethics (the “Code”) in compliance with SEC Rule 204A-1 under the Advisers Act. The Code sets forth the standards of conduct expected of all employees, directors, and officers of the Firm (“Employees”).

The Code requires certain business activity or conduct to be reported and monitored to avoid potential conflicts of interest. In addition, the Code also outlines policies and procedures designed to detect and prevent conflicts of interest relating to personal trading by all Employees and to ensure that MGM effects transactions for clients in a manner consistent with its fiduciary duty and in accordance with applicable laws.

The Code prohibits MGM Employees from trading, either personally or on behalf of others, on material nonpublic information or communicating material nonpublic information to others in violation of the law.

Various procedures have been adopted under the Code including the requirement to pre-clear all applicable transactions. Additional restrictions relating to short-term trading and purchases of initial public offerings are also defined in the Code and applicable to all employees.

Employees are required to comply with certain periodic reporting requirements and to certify they have read and will comply with the Code upon commencement of employment and annually thereafter. Employee reporting requirements and trading, as noted above, is monitored for adherence to the Code and any employee who violates the Code is subject to remedial actions.

A copy of MGM's Code is available upon request by contacting Maria Iannariello, MGM Chief Compliance Officer, at (786) 437-2335 ext. 105 and/or via electronic mail at mariapi@mgmholdings.us.

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

The Firm and its related persons do not:

- a) recommend to clients, or buy or sell for client accounts, securities in which the advisor or any related person has a material financial interest;
- b) invest in the same securities or related securities (e.g. warrants, options, or futures) that the advisor or its related persons recommend to clients; or
- c) recommend securities to clients, or buy or sell securities for client accounts, at or about the same time that the advisor or its related persons buy or sell the same securities for the advisor's or its related persons accounts.

Notwithstanding the foregoing, the Firm, its affiliates and certain key employees (as defined in the applicable limited partnership agreements) may engage in transactions with the Private Funds or any portfolio company or project related entity on terms provided for in the applicable limited partnership agreement and are entitled to retain any fees resulting from such transactions. The Firm has established policies and procedures to ensure that such transactions do not unfairly impact its clients or investors in its Private Funds. These policies and procedures include the establishment by the Private Funds of an Advisory Committee consisting of certain limited partners. Any possible conflicts are disclosed to the Advisory Committee, which then decides whether to submit conflicts to a Conflicts Committee, to be established in the manner provided for in the applicable limited partnership agreement. The Advisory Committee, or Conflicts Committee, as applicable, must approve certain enumerated items as are provided for in the applicable limited partnership agreements, including but not limited to certain related party transactions. The Conflicts Committee is composed of three members of the Advisory Committee but does not include the general partner or affiliates of the general partner. Potential conflicts are addressed through various mechanisms, including agreement and full disclosure of any such transactions.

## **ITEM 12 BROKERAGE PRACTICES**

The Firm does not generally purchase publicly-traded securities. The Firm neither employs nor engages a securities broker-dealer for any transaction related to any investments. As a result, the Firm does not contract with broker-dealers. The Firm does not have any soft dollar arrangements and does not expect to have this type of arrangement in the future.

## **ITEM 13 REVIEW OF ACCOUNTS**

- A. The Firm's Investment Committee and asset management teams monitor the performance and investments of the Private Funds on a regular and current basis.



- B. The Firm monitors each Private Fund's performance and investments on a regular and current basis.
- C. Private Fund investors or their designated representatives in the Private Funds generally receive some or all of the following written reports:
- Quarterly Financial Statements
  - Quarterly Performance and valuations
  - Upon request (generally semiannual) update on investment operations and progress
  - Annual audited financials

All of the Private Funds' investors are provided any ad hoc information or reports that are reasonably requested as well as updates on the operations of the Firm.

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

- A. No person who is not a client of the Firm provides an economic benefit to the Firm from providing investment advice or other advisory services to the Firm's Private Funds.
- B. The Firm does not retain the services of any placement agents or investment bankers to make client or investor referrals.

#### **ITEM 15 CUSTODY**

The Firm maintains custody of the assets (funds and securities) of certain of its Private Funds under Rule 206(4)-2 promulgated by the SEC under the Advisers Act (the "Custody Rule"). As a result, those assets are administered in compliance with applicable rules and regulations related to the custody of client assets as set forth in the Custody Rule. The Private Funds undergo audits by independent accountants, and all audit reports are disclosed to investors in those Private Funds.

Investors receive account statements directly from MGM and are urged to review their account statements.

#### **ITEM 16 INVESTMENT DISCRETION**

The Firm has discretionary authority to manage accounts on behalf of its Clients. The Firm's authority is generally limited by the investment objectives, strategies, policies, and restrictions set forth in the Governing Documents.

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

- A. The Firm does not have authority to vote client securities, as noted in Part B below.
- B. The Firm does not currently invest in publicly-traded securities on behalf of its clients.

## **ITEM 18 FINANCIAL INFORMATION**

The Firm does not require or solicit prepayment of fees by any client six months or more in advance, and thus, has not included a balance sheet for its most recent fiscal year. The Firm is not aware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to clients, nor has the Firm been the subject of a bankruptcy petition at any time.