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**Brochure**

**HTX Capital Management, LP**

**September 6, 2012**

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**This brochure provides information about the qualifications and business practices of HTX Capital Management, LP (the “Adviser”). If you have any questions about the contents of this brochure, please contact us at (713) 622-4545. This information has not been approved or verified by the SEC or by any state securities authority.**

**Additional information about HTX Capital Management, LP also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

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**Item 2. Material Changes**

This Item is not applicable.

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**Item 4. Advisory Business**

HTX Capital Management, LP (the "Adviser") is an investment adviser with its principal place of business in Houston, TX. The Adviser commenced operations as an investment adviser on June 1, 2012. Kevin Comcowich and John Meloy are the principal owners of the Adviser.

The Adviser provides advisory services on a discretionary basis to pooled investment vehicles intended for sophisticated investors and institutional investors, including HTX Energy Equity Fund, LP, a Delaware limited partnership (the "Domestic Fund"), HTX Energy Equity Offshore Master Fund, LP, a Cayman Islands exempted limited partnership (the "Master Fund"), and HTX Energy Equity Offshore Fund, Ltd., a Cayman Islands exempted company (the "Offshore Fund," and together with the Master Fund and the Domestic Fund, the "Funds").

The Adviser provides advice to client accounts based on specific investment objectives and strategies. The Adviser tailors advisory services to the individual needs of clients and allows clients to impose restrictions on investing in certain securities or certain types of securities if the client has a separate account or dedicated fund.

As of June 30, 2012, the Adviser had approximately \$10.4 million in regulatory assets under management for three clients. All of these assets were managed on a discretionary basis.

**Description of Compensation and Fee Schedule**

The fees charged by the Adviser and/or its affiliates generally are expected to be negotiable. Nevertheless, fees may be waived, reduced or calculated differently with respect to certain investors in the sole and absolute discretion of the Adviser and/or its affiliates. The Adviser's basic fee structure is as follows:

**Domestic Fund**

The Adviser generally charges the Domestic Fund a management fee, payable on the first day of each calendar month in advance, equal to (i) with respect to each Class A partner, 0.1458% (1.75% per annum) of the beginning net asset value of each capital account of such partner for such calendar month or (ii) with respect to each Founders Class partner, (a) for as long as the Adviser's assets under management are less than \$250 million, 0.125% (1.5% per annum) of the beginning net asset value of each capital account of such partner for such calendar month and (b) for as long as the Adviser's assets under management are equal to or greater than \$250 million but less than \$350 million, 0.0625% (0.75% per annum) of the beginning net asset value of each capital account of such partner for such calendar month. If the Adviser's assets under management are equal to or greater than \$350 million, no management fee will be charged with respect to each Founders Class partner's capital account.

With respect to the Domestic Fund, HTX Associates, LLC, an affiliate of the Adviser ("HTX Associates"), generally is entitled to receive an annual incentive allocation equal to (i) with respect to each Class A partner, twenty percent (20%) of the net capital appreciation allocated to each capital account of such partner for such fiscal year, after deducting the management fee debited to such capital account for such fiscal year, or (ii) with respect to each Founders Class partner, fifteen percent (15%) of the net capital appreciation allocated to each capital account of such partner for such fiscal year, after deducting the management fee debited to such capital account for such fiscal year. The incentive allocation is reallocated from each capital account of a limited partner to the capital account of HTX Associates. The incentive allocation is calculated separately with respect to each capital account of an investor in the Domestic Fund. The Domestic Fund maintains a loss recovery account with respect to each capital account of a limited partner, and HTX Associates is not entitled to receive any incentive allocation with respect to such capital account until the balance in the corresponding loss recovery account has been reduced to zero. In the event of a complete or partial withdrawal by a limited partner, the incentive allocation allocable with respect thereto will be calculated through the withdrawal date with respect to the withdrawn capital. In addition, the incentive allocation will be calculated and allocated upon liquidation of the Domestic Fund.

Each limited partner in the Domestic Fund generally is required to be, among other things, (i) an "accredited investor," as such term is defined in Rule 501(a) of Regulation D under the Securities Act of 1933, as amended, and (ii) a "qualified client," as such term is defined in Rule 116.13(b) of the Texas Administrative Code, as amended, and Rule 205-3(d) under the Investment Advisers Act of 1940, as amended; *provided* that HTX Associates may, in its discretion, waive the applicable performance allocation with respect to any investor that does not qualify as a qualified client.

**Offshore Fund**

The Adviser generally charges the Offshore Fund a management fee, payable on the first day of each calendar month in advance, equal to (i) with respect to each series of Class A shares, 0.1458% (1.75% per annum) of the beginning net asset value of each series for such calendar month or (ii) with respect to each series of Founders Class shares, (a) for as long as the Adviser's assets under management are less than \$250 million, 0.125% (1.5% per annum) of the beginning net asset value of each series for such calendar month and (b) for as long as the Adviser's assets under management are equal to or greater

than \$250 million but less than \$350 million, 0.0625% (0.75% per annum) of the beginning net asset value of each series of Founders Class shares for such calendar month. If the Adviser's assets under management are equal to or greater than \$350 million, no management fee will be charged with respect to each series of Founders Class shares. The management fee is prorated with respect to any subscription effective other than as of the last day of a calendar month. In the event of a redemption by a shareholder other than as of the last day of a calendar month, a *pro rata* portion of the management fee, based upon the actual number of days remaining in such month, will be repaid by the Adviser to the Offshore Fund for credit to such shareholder.

The Offshore Fund invests substantially all of its assets in, and conducts its investment activities through, the Master Fund, and the incentive allocation with respect to the Offshore Fund is calculated at the Master Fund level. In order to track the incentive allocation attributable to each shareholder of the Offshore Fund, the Master Fund establishes a series capital account (each, a "Series Capital Account") within the capital accounts of the Master Fund which correspond to each shareholder's series of shares in the Offshore Fund. In general, at the end of each fiscal year, the Master Fund will reallocate from each Series Capital Account to the Master Fund capital account of HTX Associates an incentive allocation in an amount equal to a percentage (the "Incentive Allocation Percentage") of the net capital appreciation for such fiscal year attributable to the corresponding series of shares of a shareholder (after any deductions for management fees). As defined above, the Incentive Allocation Percentage is equal to (i) with respect to each Series Capital Account corresponding to a series of Class A shares issued by the Offshore Fund, twenty percent (20%) of the net capital appreciation allocated to that Series Capital Account during the applicable period and (ii) with respect to each Series Capital Account corresponding to a series of Founders Class shares issued by the Offshore Fund, fifteen percent (15%) of the net capital appreciation allocated to that Series Capital Account during the applicable period. The incentive allocation will be determined separately with respect to each series of shares issued to a shareholder. The Master Fund maintains a loss recovery account with respect to each Series Capital Account, and HTX Associates is not entitled to receive any incentive allocation with respect to a Series Capital Account until the balance in the corresponding loss recovery account has been reduced to zero. In the event of a complete or partial redemption by a shareholder in the Offshore Fund, the incentive allocation allocable with respect thereto will be calculated through the redemption date with respect to the redeemed shares. In addition, the incentive allocation will be calculated and allocated upon liquidation of the Master Fund.

Each shareholder in the Offshore Fund generally must either be (i) a non-U.S. Person or (ii) a Permitted U.S. Person who qualifies as (A) an "accredited investor," as such term is defined in Rule 501(a) of Regulation D under the Securities Act of 1933, as amended, and (B) a "qualified client," as such term is defined in Rule 116.13(b) of the Texas Administrative Code, as amended, and Rule 205-3(d) under the Investment Advisers Act of 1940, as amended; *provided* that HTX Associates may, in its discretion, waive the applicable incentive allocation with respect to any investor that does not qualify as a qualified client. As used above, a "Permitted U.S. Person" means a tax-exempt U.S. person or an entity substantially all of the ownership interests of which are held by tax-exempt U.S. persons.

The Adviser's advisory fees are typically not negotiable.

## **Payment of Fees**

### **Domestic Fund**

Management fees are payable by investors monthly, in advance, as of the first day of each calendar month. Management fees are deducted directly from the capital account(s) of each limited partner. The management fee is prorated with respect to any capital contribution effective other than as of the last day of a calendar month. In the event of a withdrawal by a limited partner other than as of the last day of a calendar month, a *pro rata* portion of the management fee, based upon the actual number of days remaining in such month, will be repaid by the Adviser to the Domestic Fund for credit to such limited partner.

Performance allocations are calculated and re-allocated from each capital account of an investor to HTX Associates as of the end of each fiscal year (and at such other times as set forth in the partnership agreement). Performance allocations are allocated directly from each capital account of a limited partner to the capital account of HTX Associates.

#### Offshore Fund

Management fees are payable by investors monthly, in advance, as of the first day of each calendar month. Management fees are deducted directly from the capital account(s) of each shareholder. The management fee is prorated with respect to any capital contribution effective other than as of the last day of a calendar month. In the event of a redemption by a shareholder other than as of the last day of a calendar month, a *pro rata* portion of the management fee, based upon the actual number of days remaining in such month, will be repaid by the Adviser to the Offshore Fund for credit to such shareholder.

Performance allocations are calculated and re-allocated from each Series Capital Account to the Master Fund capital account of HTX Associates as of the end of each fiscal year (and at such other times as set forth in the partnership agreement). Performance allocations are allocated directly from each Series Capital Account to the Master Fund capital account of HTX Associates.

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

Clients generally bear their own expenses including, without limitation, the management fee; investment expenses, whether or not such investments are consummated (such as brokerage commissions, expenses relating to short sales, clearing and settlement charges, custodial fees, bank service fees and interest expenses); investment-related travel expenses; professional fees (including, without limitation, expenses of consultants, investment bankers, attorneys, accountants and other experts) relating to investments; fees and expenses relating to software, programs or other technology utilized in managing the clients (including, without limitation, trade management systems, third-party software licensing, implementation, data management and recovery services, risk management systems and custom development costs); research and market data (including, without limitation, any computer hardware and connectivity hardware (e.g., telephone and fiber optic lines) incorporated into the cost of obtaining such research and market data); administrative expenses (including, without limitation, fees and expenses of the administrator); fees charged by the Adviser or its affiliates to provide administration services to the clients, and expenses incurred directly by clients or the Adviser or its affiliates in connection with the provision of administration services, including, without limitation, out-of-pocket expenses, legal expenses; external accounting and valuation expenses (including, without limitation, the cost of accounting software packages); audit and tax preparation expenses; costs related to errors and omissions and directors and officers insurance policies for the Adviser and its affiliates; costs of printing and mailing reports and notices; entity-level taxes; corporate licensing; regulatory expenses (including, without limitation, filing fees); organizational expenses; expenses incurred in connection with the offering and sale of interests and other similar expenses related to the clients; indemnification expenses; and extraordinary expenses. Clients generally are responsible for and pay all brokerage and custodial fees. **See Item 12 below.**

The Offshore Fund bears its own expenses and its *pro rata* share of the Master Fund's expenses.

#### **Compensation for the Sale of Securities or Other Investment Products**

Neither the Adviser nor any of its supervised persons accept compensation for the sale of securities or other investment products.

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**Item 6. Performance-Based Fees and Side-by-Side Management**

The Adviser and its investment personnel provide investment management services to multiple portfolios for multiple clients. The Adviser or its related persons are paid performance-based compensation by all of its private pooled investment vehicle clients. Performance-based compensation could motivate the Adviser to make investment decisions that are riskier or more speculative than would be the case if these arrangements were not in effect. The Adviser's individual employees and affiliates who are compensated to some extent based upon trading profits for which they are responsible face the same potential conflict. Because performance-based compensation is calculated on a basis that includes unrealized appreciation in client portfolios based upon values assigned by the Adviser, it faces a conflict of interest in valuing client portfolios. The Adviser attempts to address these conflicts through full and fair disclosure in clients' offering documents and this brochure.

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## Item 7. Types of Clients

The Adviser's clients are private pooled investment vehicles. With respect to such clients, any initial and additional subscription minimums are disclosed in the offering memorandum for the pooled investment vehicle. The Funds have various types of investors, including, but not limited to, natural persons, institutional investors and other entities.

The minimum initial capital contribution required for an investor in each of the Domestic Fund and the Offshore Fund generally is \$5,000,000 in the case of investors that are natural persons and \$10,000,000 for all other investors, although capital contributions of lesser amounts may be accepted in the Adviser's discretion.

Each limited partner in the Domestic Fund generally is required to be, among other things, (i) an "accredited investor," as such term is defined in Rule 501(a) of Regulation D under the Securities Act of 1933, as amended, and (ii) a "qualified client," as such term is defined in Rule 116.13(b) of the Texas Administrative Code, as amended, and Rule 205-3(d) under the Investment Advisers Act of 1940, as amended; *provided* that HTX Associates may, in its discretion, waive the applicable performance allocation with respect to any investor that does not qualify as a qualified client.

Each shareholder in the Offshore Fund generally must either be (i) a non-U.S. Person or (ii) a Permitted U.S. Person who qualifies as (A) an "accredited investor," as such term is defined in Rule 501(a) of Regulation D under the Securities Act of 1933, as amended, and (B) a "qualified client," as such term is defined in Rule 116.13(b) of the Texas Administrative Code, as amended, and Rule 205-3(d) under the Investment Advisers Act of 1940, as amended; *provided* that HTX Associates may, in its discretion, waive the applicable incentive allocation with respect to any investor that does not qualify as a qualified client. As used above, a "Permitted U.S. Person" means a tax-exempt U.S. person or an entity substantially all of the ownership interests of which are held by tax-exempt U.S. persons.

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

### Methods of Analysis and Investment Strategies

The primary investment objective of the Adviser is to generate capital appreciation through the purchase and sale of U.S. and non-U.S. securities such as publicly traded common stocks, stock warrants and rights, preferred stocks, bonds, debentures, convertible securities, money market obligations, options to buy and sell securities, swaps and commodity interests.

The Adviser focuses on identification of situations with significant capital gains possibilities. The Funds invest predominantly in energy stocks, including, but not limited to, exploration and production of oil and gas, major integrated oil and gas, onshore and offshore seismic technologies, drilling and production services for the petroleum industry, oil and gas refining and marketing, gathering and pipeline transportation services, the manufacture of tools and equipment used in energy drilling and production services, coal energy, power generation and alternative energy.

It is the viewpoint of the Adviser that a skillful analysis of these securities, taking into account fundamental industry supply demand shifts, restructuring and consolidation, product innovation, application of new technology, lease availability, regulatory changes and production volume growth driven by exploration success and development of hydrocarbon assets can result in superior performance.

The Adviser utilizes a variety of methods and strategies to make investment decisions and recommendations. The methods of analysis include fundamental research, charting analysis, cyclical analysis, as well as technical charting analytical tools and approaches.

### Certain Risk Factors

*There can be no assurance that the Adviser will achieve its investment objective. The Adviser's investment strategies involve a substantial degree of risk, including risk of complete loss. Nothing in this brochure is intended to imply, and no one is or will be authorized to represent, that an investment in the Domestic Fund or the Offshore Fund will be low risk or risk free. The Adviser's investment strategies and programs are appropriate only for sophisticated persons who fully understand and are capable of bearing the risks of investment. Prospective investors should consider the following risks, among others, before making any investment decisions. The various risks outlined below are not the only risks associated with the Adviser's investment strategies and processes. The following risks are qualified in their entirety by the risks set forth in the Domestic Fund's and the Offshore Fund's offering documents.*

**Leverage.** The Adviser's investment program utilizes leverage, which involves the borrowing of funds from brokerage firms, banks and other institutions in order to be able to increase the amount of capital available for marketable securities investments. Performance may be more volatile if a client's account employs leverage.

**Hedging.** The Adviser may utilize a variety of financial instruments such as derivatives, options, swaps and exchange traded funds (ETFs). There can be no assurances that a particular hedge is appropriate, or that certain risk is measured properly. Further, while the Adviser may enter into hedging transactions to seek to reduce risk, such transactions may result in poorer overall performance and increased (rather than reduced) risk for the Adviser's investment portfolios than if the Adviser did not engage in any such hedging transactions.

**Option Trading.** The Adviser engages in various option trading investment strategies. The Adviser has the authority to write put and call stock options and purchase and sell put and call options on stocks, exchange traded funds, and other financial indices, and to otherwise deal in commodity options.

**Short Selling.** The Adviser engages in short selling strategies. In a short sale transaction, the Adviser sells a security it does not own in anticipation that the market price of that security will decline. The

Adviser makes short sales as a form of hedging in an attempt to protect its investments, in order to maintain flexibility, and for profit. Short selling transactions expose the Adviser's clients to the risk of loss in an amount greater than the initial investment, and such losses can increase rapidly and without effective limit. There is the risk that the securities borrowed in connection with a short sale would need to be returned to the securities lender on short notice. If such request for return of securities occurs at a time when other short sellers of the subject security are receiving similar requests, a "short squeeze" can occur, wherein the Adviser might be compelled, at the most disadvantageous time, to replace the borrowed securities previously sold short with purchases on the open market, possibly at prices significantly in excess of the proceeds received earlier.

*Cash.* In appropriate circumstances, the Adviser may seek protection of client capital by means of investments in government or municipal obligations, or by means of maintenance of cash or cash-equivalent funds including demand deposits and investments in certificates of deposit, time deposits, money market instruments, and in securities of registered investment companies that invest primarily in certificates of deposit and other money market instruments.

*Lack of Diversification.* Since a substantial portion of client assets are concentrated in the energy sector and assets may not be widely diversified, the clients' investment portfolio may be subject to more rapid change in value. Accordingly, clients face the risk that earnings and dividends of energy companies will be greatly affected by changes in the prices and supplies of oil, natural gas and other energy fuels.

*Commodity Price Volatility Risk.* Companies operating in the energy sector may be affected by fluctuations in the prices of energy commodities, including, for example, natural gas, natural gas liquids, crude oil and coal, in the short- and long-term. Fluctuations in energy commodity prices would directly impact companies that own such energy commodities and could indirectly impact companies that engage in transportation, storage, processing, distribution or marketing of such energy commodities. Fluctuations in energy commodity prices can result from changes in general economic conditions or political circumstances (especially of key energy-consuming countries), market conditions, weather patterns, domestic production levels, volume of imports, energy conservation, domestic and foreign governmental regulation, international politics, policies of OPEC, taxation, tariffs, and the availability and costs of local, intrastate and interstate transportation methods. The energy sector as a whole may also be impacted by the perception that the performance of energy sector companies is directly linked to commodity prices.

*Equity Securities.* The value of equity securities fluctuates in response to issuer, political, market, and economic developments. Fluctuations can be dramatic over the short as well as long term, and different parts of the market and different types of equity securities can react differently to these developments. For example, large cap stocks can react differently from small cap stocks, and "growth" stocks can react differently from "value" stocks. Issuer, political, or economic developments can affect a single issuer, issuers within an industry or economic sector or geographic region, or the market as a whole. Changes in the financial condition of a single issuer can impact the market as a whole. Terrorism and related geopolitical risks have led, and may in the future lead, to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally.

*Hard Assets.* The production and marketing of hard assets may be affected by actions and changes in governments. In addition, hard assets and hard asset securities may be cyclical in nature. During periods of economic or financial instability, hard asset securities may be subject to broad price fluctuations, reflecting volatility of energy and basic materials prices and possible instability of supply of various hard assets. In addition, hard asset companies may also be subject to the risks associated with extraction of natural resources as well as the risks of the hazards associated with natural resources, such as fire, drought, and increased regulatory and environmental costs. Hard asset securities may also experience greater price fluctuations than the relevant hard asset.

*Non-U.S. Securities.* Foreign securities, foreign currencies, and securities issued by U.S. entities with substantial foreign operations can involve additional risks relating to political, economic, or regulatory conditions in foreign countries. These risks include fluctuations in foreign currencies; withholding or other

taxes; trading, settlement, custodial, and other operational risks; and the less stringent investor protection and disclosure standards of some foreign markets. All of these factors can make foreign investments, especially those in emerging markets, more volatile and potentially less liquid than U.S. investments. In addition, foreign markets can perform differently from the U.S. market.

**THE FOREGOING RISK FACTORS DO NOT PURPORT TO BE A COMPLETE DESCRIPTION OF ALL OF THE RISKS ASSOCIATED WITH THE ADVISER'S INVESTMENT PROGRAM. PROSPECTIVE INVESTORS SHOULD READ THIS BROCHURE AND THE OFFERING AND GOVERNING DOCUMENTS OF THE FUNDS IN THEIR ENTIRETY BEFORE MAKING ANY INVESTMENT DECISIONS.**

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**Item 9. Disciplinary Information**

This Item is not applicable.

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**Item 10. Other Financial Industry Activities and Affiliations****Commodity Pool Operator, Commodity Trading Adviser, Futures Commission Merchant Registration**

With respect to each of the Funds, neither the Adviser nor any of its affiliates currently is registered with the Commodity Futures Trading Commission (the “CFTC”) as a commodity pool operator pursuant to an exemption from registration provided by CFTC Rule 4.13(a)(3).

The Adviser currently is not registered with the CFTC as a commodity trading advisor pursuant to an exemption provided by CFTC Rule 4.14(a)(8).

**HTX Associates, LLC**

An affiliate of the Adviser, HTX Associates, LLC, serves as general partner of HTX Energy Equity Offshore Master Fund, L.P. and HTX Energy Equity Fund, L.P.

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

The Adviser has adopted a Code of Ethics with respect to buying and selling securities that it also may recommend to clients. The Adviser does not currently have any clients other than private funds. All of the Adviser's employees and members of their immediate households (collectively referred to herein as the "employees") are required to comply with the Code of Ethics. Clients or prospective clients may obtain a copy of the Code of Ethics by contacting Vince Cornelli, Chief Compliance Officer, at (713) 622-4545.

The Adviser, in the course of its investment management and other activities (e.g., board or creditor committee service), may come into possession of confidential or material nonpublic information about issuers, including issuers in which the Adviser or its related persons have invested or seek to invest on behalf of clients. The Adviser is prohibited from improperly disclosing or using such information for its own benefit or for the benefit of any other person, regardless of whether such other person is a client. The Adviser maintains and enforces written policies and procedures that prohibit the communication of such information to persons who do not have a legitimate need to know such information and to assure that the Adviser is meeting its obligations to clients and remains in compliance with applicable law. In certain circumstances, the Adviser may possess certain confidential or material, nonpublic information that, if disclosed, might be material to a decision to buy, sell or hold a security, but the Adviser will be prohibited from communicating such information to the client or using such information for the client's benefit. In such circumstances, the Adviser will have no responsibility or liability to the client for not disclosing such information to the client (or the fact that the Adviser possesses such information), or not using such information for the client's benefit, as a result of following the Adviser's policies and procedures designed to provide reasonable assurances that it is complying with applicable law.

The Adviser or its employees may not invest in the same securities (or related securities, e.g., warrants, options or futures) that the Adviser or a related person recommends to clients within three business days of the purchase date. Such practices present a conflict where, because of the information the Adviser has, the Adviser or its employees are in a position to trade in a manner that could adversely affect clients (e.g., place their own trades before or after client trades are executed in order to benefit from any price movements due to the clients' trades). In addition to affecting the Adviser's or its employees' objectivity, these practices by the Adviser or its employees may also harm clients by adversely affecting the price at which the clients' trades are executed. The Adviser has adopted the following procedures in an effort to minimize such conflicts: Every equity (or related security), or commodities trade an employee makes for its own account, an account over which it has discretion, and every equity (or related security), or commodities trade by members of its immediate household must be precleared with the Chief Compliance Officer. The Chief Compliance Officer may deny permission to execute the transaction if such transaction will have any adverse economic impact on one of its clients or if the Adviser's personnel have obtained material, non-public information about any security in such transaction. No trade for the personal account of any employee will be approved when any client of the Adviser has a pending "buy" or "sell" order with respect to that security. As a further safeguard, no equity, related security, or commodity trade by a portfolio manager, analyst or trader should occur three business days before or after (unless it is a sale following a complete sale of client positions) any trades executed on behalf of clients. Any profits realized by trades within this period must be disgorged to a personal charity. In addition, the Adviser's Code prohibits the Adviser or its employees from executing personal securities transactions of any kind in any securities on a restricted securities list maintained by the Chief Compliance Officer. All of the Adviser's employees are required to disclose their equity, option, debt, warrant, private, and commodities transactions on a quarterly basis. All of the Adviser's employees are also required to provide broker confirmations of each of these transactions in which they engage and a quarterly certification of such transactions. Trading in employee accounts is reviewed by the Chief Compliance Officer and compared with transactions for the client accounts and reviewed against the restricted securities list.

The Adviser may seek to execute transactions between client accounts (including rebalancing trades between client accounts) where the same security is simultaneously bought and sold or covered and shorted among client accounts managed by the Adviser. Cross transactions enable the Adviser to effect a

trade between two clients for the same security at a set price, thereby possibly avoiding an unfavorable price movement that may be created through entrance into the market and saving commission costs for both accounts. Cross transactions include rebalancing transactions that are undertaken so that, after withdrawals or contributions have occurred, the portfolio compositions of similarly managed accounts remain substantially similar. Client cross transactions are effected either by trading the security in the open market or by a direct transfer between the accounts of the Adviser's clients. In either case, client cross transactions are effected at the independent market price of the security. The Adviser has a potentially conflicting division of loyalties and responsibilities regarding both parties to cross transactions. Cross transactions between client accounts are not permitted if they would constitute principal trades or trades for which the Adviser or its affiliates are compensated as a broker unless client consent has been obtained based upon written disclosure to the client of the capacity in which the Adviser or its affiliates will act. In addition, cross transactions are not permitted for benefit plan or other similar accounts that are subject to ERISA.

The Adviser or a related person from time to time recommends securities to clients, or buys or sells securities for client accounts, at or about the same time that the Adviser or related person buys or sells the same securities for its own account in accordance with the procedures described above in order to minimize the conflicts stemming from situations where the contemporaneous trading results in an economic benefit for the Adviser or its related person to the detriment of the client. In addition, the Adviser has adopted the aggregation policies and procedures discussed in Item 12.

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## Item 12. Brokerage Practices

The Adviser considers a number of factors in the selection of a broker-dealer to execute transactions (or series of transactions) and determining the reasonableness of the broker-dealer's compensation. Such factors include the reliability and accuracy of recommendations on particular securities, research capabilities, ability to execute trades, nature and frequency of sales coverage, depth of services provided, including economic or political coverage, technical analysis, arbitrage and option operations, back office and processing capabilities, financial stability and responsibility, reputation, commission rate, responsiveness to the Adviser, the ability to keep the Adviser's orders anonymous in the market and the value of research, brokerage and other services (collectively, "Research") provided by such brokers. In selecting brokers or dealers to execute transactions (or series of transactions), the Adviser need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. It is not the Adviser's practice to negotiate "execution only" commission rates, thus a client may be deemed to be paying for research, brokerage or other services provided by a broker-dealer that are included in the commission rate.

The Adviser receives research or other products or services other than execution from a broker-dealer in connection with client securities transactions. This is known as a "soft dollar" relationship. The Adviser limits the use of "soft dollars" to obtain research and brokerage services to services that constitute research and brokerage within the meaning of Section 28(e) of the Securities Exchange Act of 1934 ("Section 28(e)"). Research services within Section 28(e) may include, but are not limited to, research reports (including market research); certain financial newsletters and trade journals; software providing analysis of securities portfolios; corporate governance research and rating services; attendance at certain seminars and conferences; discussions with research analysts; meetings with corporate executives; consultants' advice on portfolio strategy; data services (including services providing market data, company financial data and economic data); advice from broker-dealers on order execution; and certain proxy services. Brokerage services within Section 28(e) may include, but are not limited to, services related to the execution, clearing and settlement of securities transactions and functions incidental thereto (i.e., connectivity services between an adviser and a broker-dealer and other relevant parties such as custodians); trading software operated by a broker-dealer to route orders; software that provides trade analytics and trading strategies; software used to transmit orders; clearance and settlement in connection with a trade; electronic communication of allocation instructions; routing settlement instructions; post trade matching of trade information; and services required by the SEC or a self regulatory organization such as comparison services, electronic confirms or trade affirmations.

The Adviser does not adhere to any rigid formulas in making the selection of brokers, but weighs a combination of the preceding criteria. Recognizing the value of these factors, the Adviser may pay a brokerage commission in excess of that which another broker might have charged for effecting the same transaction. In connection therewith, the Adviser will make a good faith determination that the amount of commission is reasonable in relation to the value of the Research received, viewed in terms of either the specific transaction or the Adviser's overall responsibility to its clients.

The Adviser regularly evaluates the placement of brokerage and the reasonableness of commissions paid. Research received from brokers is supplemental to the Adviser's own research efforts, a significant part of which includes meetings with management of individual companies to converse with company officials. It is also expected that brokers will assist in this process by arranging meetings for the Adviser with the management of individual companies.

The extent to which commission rates or net prices charged by brokers reflect the value of Research provided cannot be readily determined. While the receipt of such Research does not reduce the Adviser's normal research activities, the Adviser's expenses could increase materially if it attempted to generate such additional information and services through its own staff.

The use of client commissions (or markups or markdowns) to obtain research and brokerage products and services raises conflicts of interest. Soft dollars may be used to acquire products and services that are not exclusively for the benefit of clients which paid the commissions and that may primarily or exclusively benefit the Adviser. If the Adviser is able to acquire these products and services without expending its own resources (including management fees paid by clients), its use of soft dollars would tend to increase its profitability. Furthermore, the Adviser may have an incentive to select or recommend brokers based on its interest in receiving research or other products or services, rather than on its clients' interest in receiving most favorable execution.

Research may be used by the Adviser in servicing some or all of the Adviser's clients. In addition, some Research may not necessarily be used by the Adviser in servicing the clients whose commission dollars provided such Research. Clients may not, in any particular instance, be the direct or indirect beneficiary of the Research.

In exchange for the direction of commission dollars to certain brokers, the Adviser generates credits which may be used to pay for the Research provided by such brokers. To the extent the Adviser generates such credits, it receives a benefit by reason of the direction of commissions. Consistent with SEC interpretations, the Adviser considers that commissions include a markup, markdown, commission equivalent or other fee paid to a dealer for executing a transaction where the fee and transaction price are fully and separately disclosed on the trade confirmation.

In some instances, the Adviser may receive Research that may be used for both research and non-research purposes. In such instances, the Adviser will make a good faith effort to determine the relative proportion of the products and services used to assist the Adviser in carrying out its investment decision-making responsibilities and the relative proportion used for administrative or other non-research purposes. The proportion of the products and services attributable to assisting the Adviser in carrying out its investment decision-making responsibilities will be paid through brokerage commissions generated by client transactions; the proportion attributable to administrative or other non-research purposes will be paid for by the Adviser from its own resources. The receipt of "mixed-use" Research and the determination of the appropriate allocation create a potential conflict of interest between the Adviser and its clients.

During the last fiscal year, the Adviser did not acquire any products or services with client brokerage commissions.

Broker dealers, including firms that serve as prime brokers to a private fund may, from time to time, permit the Adviser to participate in capital introduction programs with respect to the private funds and/or recommend the funds as an investment to clients. Portfolio transactions may be placed with firms who have made such recommendations or provided capital introduction opportunities, if otherwise consistent with seeking best execution. In no event will the Adviser select a broker or dealer as a means of remuneration for recommending one of the private funds managed by the Adviser or affording the Adviser with the opportunity to participate in capital introduction programs.

The Adviser has entered into "client commission arrangements" pursuant to which the Adviser may execute transactions through a broker-dealer and request that the broker-dealer allocate a portion of the commissions or commission credits to another firm that provides research and other products to the Adviser. The Adviser excludes from use under these arrangements those products and services that are not eligible under Section 28(e) and applicable regulatory interpretations.

The Adviser often purchases or sells the same security for its clients at or near the same time and using the same executing broker. It is the Adviser's practice, where possible, to aggregate client orders for the purchase or sale of the same security submitted at or near the same time for execution using the same executing broker. Such aggregation may enable the Adviser to obtain for clients a more favorable price or a better commission rate based upon the volume of a particular transaction. In such circumstances, trades in the same security for all clients entered during the day with the same broker will be price-

averaged. Generally, however, if an order is executed early in the day and another order entered later in the day for the same security, upon entry of the second order the first order will be treated as a partial fill of the order filled prior to the second order. Any portion of the first order that was not filled will be aggregated with the second order and price averaged.

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**Item 13. Review of Accounts**

Each client account is reviewed by the client's portfolio manager on a daily basis to determine whether securities positions should be maintained in view of current market conditions and to determine whether consistent with the client's objectives and strategies. Matters reviewed include specific securities held, adherence to investment guidelines, certain risk parameters, and the performance of each client account.

Significant market events affecting the prices of one or more securities in client accounts may trigger reviews of client accounts on other than a periodic basis including, without limitation, the economic environment affecting oil and gas stocks, the Adviser's earnings estimates relative to Wall Street expectations, and catalysts that may affect the stock price either negatively or positively.

Investors in private fund clients managed by the Adviser receive annual audited financial statements and annual U.S. income tax information. The Adviser also provides investors with periodic performance reports pursuant to the terms of each client's offering memoranda or as otherwise described in the offering document of the client. All such reports are written.

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**Item 14. Client Referrals and Other Compensation**

The Adviser does not receive economic benefits from non-clients for providing investment advice and other advisory services. Neither the Adviser nor any related person directly or indirectly compensates any person who is not a supervised person, including placement agents, for client referrals.

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**Item 15. Custody**

The Adviser is deemed to have custody of client funds and securities because it has the authority to obtain client funds or securities, for example, by deducting advisory fees from a client's account or otherwise withdrawing funds from a client's account. Account statements related to the clients are sent by qualified custodians to the Adviser.

The Adviser will be subject to §116.17 of the Texas Administrative Code (the "Custody Rule"). However, it is not required to comply (or is deemed to have complied) with certain requirements of the Custody Rule with respect to each client because it complies with the provisions of the so-called "Pooled Vehicle Annual Audit Exception", which, among other things, requires that each client be subject to audit at least annually by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and requires that each client distribute its audited financial statements to all investors within 120 days of the end of its fiscal year.

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**Item 16. Investment Discretion**

The Adviser serves as the management company with discretionary trading authority to each client. The Adviser's investment decisions and advice with respect to each client are subject to each client's investment objectives and guidelines, as set forth in its offering documents. The Adviser entered into an investment management agreement, or similar agreement, with each client, pursuant to which the Adviser was granted discretionary trading authority. In addition, each investor generally grants a limited power of attorney to the Adviser to enable it to take various actions with respect to the applicable Fund on the investor's behalf.

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**Item 17. Voting Client Securities**

To the extent the Adviser has been delegated proxy voting authority on behalf of its clients, the Adviser complies with its proxy voting policies and procedures that are designed to ensure that in cases where the Adviser votes proxies with respect to client securities, such proxies are voted in the best interests of its clients. In certain circumstances, the Adviser may abstain from voting proxies or affirmatively decide not to vote if it determines that abstention or not voting is in the best interests of a client. For any client that has the ability to use margin arrangements, the client's securities may be held by the broker in a margin account as of particular record date and the Adviser will not be able to vote proxies relating to securities held in margin accounts. To assist the Adviser, ISS, a third-party voting service provider, has been retained to vote proxies on behalf of the Adviser based on voting guidelines approved by the Adviser. The Adviser retains the right to override the recommendations made by ISS in order to direct that a vote be cast that, in the Adviser's opinion, more adequately services the best interest of the client. A copy of the Adviser's proxy voting policies and the proxy voting record relating to the respective private fund may be obtained by contacting Vince Cornelli, Chief Compliance Officer, at (713) 622-4545.

The Adviser's clients are not permitted to direct their votes in a particular situation.

If a material conflict of interest between the Adviser and a client exists, the Adviser will determine whether voting in accordance with the guidelines set forth in the proxy voting policies and procedures is in the best interests of the client or take some other appropriate action.

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**Item 18. Financial Information**

This Item is not applicable.

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**Item 19. Requirements for State-Registered Advisers Only****Principal Officers and Management Persons**Kevin Comcowich

Born:	1968	
Education:	College of the Holy Cross, B.A. Indiana University, M.B.A.	
Experience:	Chief Executive Officer and Chief Investment Officer HTX Capital Management, LP	2012 – Present
	Managing Member Sunetric Capital LLC	2009 – Present
	President Kualapu'u Ranch LLC	1999 – Present
	President and Chief Investment Officer Sound Energy Partners, Inc.	2003 – 2011
	Analyst and Asst. Portfolio Manager Dawson-Giammalva Capital Management, Inc.	1998 – 2002

John Meloy

Born:	1976	
Education:	Texas Christian University, BA	
Experience:	President and Head of Research HTX Capital Management, LP	2012 – Present
	Research Analyst Sound Energy Partners, Inc.	2005 – 2011
	Research Analyst Natexis Bleichroeder	2003 – 2005
	Research Analyst Simmons & Company International	2000 – 2003

**Other Business**

The Adviser is not engaged in any business other than giving investment advice.

**Performance-Based Fees**Domestic Fund

With respect to the Domestic Fund, HTX Associates generally is entitled to receive an annual incentive allocation equal to (i) with respect to each Class A partner, twenty percent (20%) of the net capital appreciation allocated to each capital account of such partner for such fiscal year, after deducting the management fee debited to such capital account for such fiscal year, or (ii) with respect to each Founders

Class partner, fifteen percent (15%) of the net capital appreciation allocated to each capital account of such partner for such fiscal year, after deducting the management fee debited to such capital account for such fiscal year. The incentive allocation is reallocated from each capital account of a limited partner to the capital account of HTX Associates. The incentive allocation is calculated separately with respect to each capital account of an investor in the Domestic Fund. The Domestic Fund maintains a loss recovery account with respect to each capital account of a limited partner, and HTX Associates is not entitled to receive any incentive allocation with respect to such capital account until the balance in the corresponding loss recovery account has been reduced to zero. In the event of a complete or partial withdrawal by a limited partner, the incentive allocation allocable with respect thereto will be calculated through the withdrawal date with respect to the withdrawn capital. In addition, the incentive allocation will be calculated and allocated upon liquidation of the Domestic Fund.

Performance allocations are calculated and re-allocated from each capital account of an investor to HTX Associates as of the end of each fiscal year (and at such other times as set forth in the partnership agreement). Performance allocations are allocated directly from each capital account of a limited partner to the capital account of HTX Associates.

#### Offshore Fund

The Offshore Fund invests substantially all of its assets in, and conducts its investment activities through, the Master Fund, and the incentive allocation with respect to the Offshore Fund is calculated at the Master Fund level. In order to track the incentive allocation attributable to each shareholder of the Offshore Fund, the Master Fund establishes a Series Capital Account within the capital accounts of the Master Fund which correspond to each shareholder's series of shares in the Offshore Fund. In general, at the end of each fiscal year, the Master Fund will reallocate from each Series Capital Account to the Master Fund capital account of HTX Associates an incentive allocation in an amount equal to the Incentive Allocation Percentage. As defined above, the Incentive Allocation Percentage is equal to (i) with respect to each Series Capital Account corresponding to a series of Class A shares issued by the Offshore Fund, twenty percent (20%) of the net capital appreciation allocated to that Series Capital Account during the applicable period and (ii) with respect to each Series Capital Account corresponding to a series of Founders Class shares issued by the Offshore Fund, fifteen percent (15%) of the net capital appreciation allocated to that Series Capital Account during the applicable period. The incentive allocation will be determined separately with respect to each series of shares issued to a shareholder. The Master Fund maintains a loss recovery account with respect to each Series Capital Account, and HTX Associates is not entitled to receive any incentive allocation with respect to a Series Capital Account until the balance in the corresponding loss recovery account has been reduced to zero. In the event of a complete or partial redemption by a shareholder in the Offshore Fund, the incentive allocation allocable with respect thereto will be calculated through the redemption date with respect to the redeemed shares. In addition, the incentive allocation will be calculated and allocated upon liquidation of the Master Fund.

Performance allocations are calculated and re-allocated from each Series Capital Account to the Master Fund capital account of HTX Associates as of the end of each fiscal year (and at such other times as set forth in the partnership agreement). Performance allocations are allocated directly from each Series Capital Account to the Master Fund capital account of HTX Associates.

The Adviser and its investment personnel provide investment management services to multiple portfolios for multiple clients. The Adviser or its related persons are paid performance-based compensation by all of its private pooled investment vehicle clients. Performance-based compensation could motivate the Adviser to make investment decisions that are riskier or more speculative than would be the case if these arrangements were not in effect. The Adviser's individual employees and affiliates who are compensated to some extent based upon trading profits for which they are responsible face the same potential conflict. Because performance-based compensation is calculated on a basis that includes unrealized appreciation in client portfolios based upon values assigned by the Adviser, it faces a conflict of interest in valuing client portfolios. The Adviser attempts to address these conflicts through full and fair disclosure in clients' offering documents and this brochure.

**Other Relationships**

Any relationships that the Adviser or any of its management persons has with any issuer of securities are described in Item 10 of Part 2A of Form ADV and Item 2 of the Part 2B of Form ADV for each management person.

**Brochure Supplement**

**Kevin Comcowich  
CRD #: 2650745**

**September 6, 2012**

HTX Capital Management, LP  
1800 West Loop South, Suite 1660  
Houston, TX  
(713) 622-4545

**This brochure supplement provides information about Kevin Comcowich that supplements the HTX Capital Management, LP brochure. You should have received a copy of that brochure. Please contact Vince Cornelli, Chief Financial Officer and Chief Compliance Officer, if you did not receive the HTX Capital Management, LP brochure or if you have any questions about the contents of this supplement.**

**Additional information about Kevin Comcowich is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

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**Item 2. Educational Background and Business Experience**

Born:	1968	
Education:	College of the Holy Cross, B.A. Indiana University, M.B.A.	
Experience:	Chief Executive Officer and Chief Investment Officer HTX Capital Management, LP	2012 – Present
	Managing Member Sunetric Capital LLC	2009 – Present
	President Kualapu'u Ranch LLC	1999 – Present
	President and Chief Investment Officer Sound Energy Partners, Inc.	2003 – 2011
	Analyst and Asst. Portfolio Manager Dawson-Giammalva Capital Management, Inc.	1998 – 2002

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**Item 3. Disciplinary Information**

This Item is not applicable.

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**Item 4. Other Business Activities**

Kevin Comcowich owns and is involved in the operation of a family-owned cattle ranch business and several solar farms.

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**Item 5. Additional Compensation**

This Item is not applicable.

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**Item 6. Supervision**

Kevin Comcowich is the Chief Executive Officer and Chief Investment Officer of the Adviser and the investment advice he provides is subject to supervision by John Meloy. The activities of all supervised persons, including Mr. Comcowich, is subject to the Adviser's compliance policies and procedures, which are administered by Vince Cornelli, the Chief Compliance Officer of the Adviser. Mr. Meloy, the President and Head of Research, and Mr. Cornelli can be contacted at (713) 622-4545.

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**Item 7. Requirements for State-Registered Advisers Only**

This Item is not applicable.

**Brochure Supplement**

**John Meloy  
CRD #: 4314363**

**September 6, 2012**

HTX Capital Management, LP  
1800 West Loop South, Suite 1660  
Houston, TX  
(713) 622-4545

**This brochure supplement provides information about John Meloy that supplements the HTX Capital Management, LP brochure. You should have received a copy of that brochure. Please contact Vince Cornelli, Chief Financial Officer and Chief Compliance Officer, if you did not receive the HTX Capital Management, LP brochure or if you have any questions about the contents of this supplement.**

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**Item 2. Educational Background and Business Experience**

Born:	1976	
Education:	Texas Christian University, BA	
Experience:	President and Head of Research HTX Capital Management, LP	2012 – Present
	Research Analyst Sound Energy Partners, Inc.	2005 – 2011
	Research Analyst Natexis Bleichroeder	2003 – 2005
	Research Analyst Simmons & Company International	2000 – 2003

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**Item 3. Disciplinary Information**

This Item is not applicable.

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**Item 4. Other Business Activities**

This Item is not applicable.

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**Item 5. Additional Compensation**

This Item is not applicable.

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**Item 6. Supervision**

John Meloy is President and Head of Research of the Adviser and the investment advice he provides is subject to supervision by Kevin Comcowich. The activities of all supervised persons, including Mr. Meloy, is subject to the Adviser's compliance policies and procedures, which are administered by Vince Cornelli, the Chief Compliance Officer of the Adviser. Mr. Comcowich, the Chairman and Chief Executive Officer, and Mr. Cornelli can be contacted at (713) 622-4545.

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**Item 7. Requirements for State-Registered Advisers Only**

This Item is not applicable.