

Form ADV Part 2A – Firm Brochure

HERONETTA MANAGEMENT, L.P.
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654 Madison Avenue
Suite 901
New York, NY 10065
Tel: 212-601-5333
Fax: 212-751-1730
Website: www.heronetta.com

This brochure provides information about the qualifications and business practices of Heronetta Management, L.P., an investment adviser registered with the United States Securities and Exchange Commission (the “SEC”). If you have any questions about the contents of this brochure, please contact us at 212-601-5333 or info@heronetta.com.

This information has not been approved or verified by the SEC or by any state securities authority.

Registration with the SEC or with any state securities authority does not imply a certain level of skill or training. Additional information about Heronetta Management, L.P. is also available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2: Material Changes

There have been no material changes since our last brochure dated February 14, 2012.

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Item 4: Advisory Business

Heronetta Management, L.P. (“Heronetta”), an investment advisory firm headquartered in New York, NY, was established in December 2007, by Henry R. Breck and Christopher M. Breck, who own 100% of the firm.

Heronetta manages assets for taxable individuals, institutions and qualified pension plans (“Investors”) employing a non-correlated, tax-favored investment strategy centered on Master Limited Partnerships (MLPs), which are natural-resource oriented publicly-traded vehicles. (Also see Section 8 for additional details of the strategy). Henry and Christopher Breck have eleven years of personal investment experience in this sector and more than forty years of exposure to the oil and gas business. They invest a substantial amount of their liquid net worth in this same sector and strategy.

Heronetta serves as the investment manager for two pooled vehicles: the Heron Income Fund, L.P. (“HIF”) and the Heron Total Return Fund, L.P. (“HTRF”) (collectively, the “Funds”). Heronetta also advises separately managed accounts for individuals, institutions and family. The Funds, along with the managed accounts, are Heronetta’s clients (the “Clients”).

Heronetta may accommodate investors that have investment parameters and objectives and wish to impose restrictions not compatible with the Funds by opening a separately managed account.

As of February 28, 2013, the Firm had \$312,900,000 in discretionary assets and none in non-discretionary assets under management.

Item 5: Fees and Compensation

Heronetta charges the Funds a quarterly management fee as described in each Fund’s offering documents, which is deducted directly from each Fund. Heronetta, as the investment manager, may, in its sole discretion, elect to reduce, waive or calculate differently the management fee with respect to any limited partner, including, without limitation, limited partners that are affiliates or employees of the general partner or the investment manager, members of the immediate families of such persons, trusts or other entities for their benefit and strategic investors, or pay a portion of the management fee to a third person (including to persons who are instrumental in the sale of interests in the partnership).

Heronetta charges fees for separately managed accounts at generally the same level as charged to the Funds but fees may be negotiable based upon the size of the account, relationship and/or the nature and level of services provided. At its discretion, Heronetta may waive or reduce the

management fee. Heronetta bills separately managed accounts for the investment management fee quarterly in arrears.

In addition to paying investment management fees, Client accounts will also be subject to other investment expenses such as custodial charges, brokerage fees, commissions, interest expenses and other related costs.

Investors in the Funds will bear their pro rata share of the underlying fund's operating and other expenses including, in addition to those listed above: sales expenses, legal expenses, internal and external accounting, audit and tax preparation expenses, and organizational expenses.

Item 6: Performance-Based Fees and Side-by-Side Management

Heronetta charges its Clients an asset-based fee and currently does not receive performance-based fees.

Item 7: Types of Clients

Heronetta's Clients are (i) unregistered private funds that rely on a safe harbor provided by Regulation D of the Securities Act of 1933, as amended ("1933 Act") and (ii) separately managed accounts.

Heronetta's strategies are targeted towards taxable, qualified and accredited investors who are either individuals, institutions or qualified pension plans.

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

Investment Strategy/Methods of Analysis

Heronetta's investment strategies focus on yield investments with growth potential through investments in publicly-traded master limited partnerships ("MLPs"), and general partners of MLPs.

MLPs are public companies that are listed and trade on major exchanges and deal in the transportation, storage, gathering and processing of natural resources. They are fully liquid to the extent of the company's daily trading volume, as with any stock. When a unit is purchased, the purchaser receives a partnership interest in the underlying business activities, rather than a share in the public market equity, as with a corporation. Examples of MLP activities include ownership of oil and natural gas pipelines, storage and processing facilities, propane delivery systems,

shipping, and coal exploration and production. The United States Tax Code grants MLPs limited partnership status based on their activities.

Portfolio construction starts with a universe of approximately 105 MLPs and GPs. This number is pared down by excluding certain sub-groups of the MLP and GP sectors which are below average in terms of consistency, growth and quality. Heronetta's strategies focus on midstream MLPs (mainly pipelines, terminals and storage facilities) with minor participation in the gathering and processing area. After the most attractive sub-groups have been identified, the focus is on reliability of distributions, growth rate, current yield, and credit quality. Other important areas of emphasis are quality of income streams and focus towards consistent growth.

These strategies and investments involve risk of loss to investors and investors must be prepared to bear the loss of their entire investment.

Risks

An investment in the strategy requires a long-term commitment with no certainty of return. There is no assurance that the strategy will be able to generate attractive returns for its Investors or that the returns will be commensurate with the risks of investing in the type of companies and transactions described herein. Any past performance of persons or investment entities associated with Heronetta and its affiliates is not necessarily indicative of future results and may not be construed as an indication of future results of an investment in Heronetta's strategy. There can be no assurance that targeted returns for the strategy will be achieved. Clients are subject to all of the business risks and uncertainties associated with any new business, including the risks that it will not achieve its investment objective and that the value of its investments could decline substantially.

The strategy operates in a highly competitive market for investment opportunities. Heronetta's Clients will compete with, among other entities, business development companies, public funds and private funds, including private equity and hedge funds and commercial and investment banks which may have a lower cost of funds, more available capital to make similar investments and access to funding sources that are not available to the Clients.

In addition, some of Heronetta's competitors may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of investments and different return targets than Heronetta's strategy. The competitive pressures Heronetta faces in this strategy may have a material adverse effect on its business, financial condition, results of operations and prospects. It is possible that competition for appropriate investment opportunities may increase, thus reducing the number of investment opportunities available and adversely affecting the terms upon which investments can be made.

An investment in MLPs involves risks that differ from those associated with investments in similar equity securities, such as in common stock of a corporation. Holders of MLP units usually have the rights typically afforded to limited partners in a limited partnership, and have limited control and voting rights on matters affecting the partnership. In addition, there is the risk that a MLP could be, contrary to its intention, taxed as a corporation, resulting in decreased returns from such MLP. Further, conflicts of interest may exist between common unit holders, subordinated unit holders and the general partner of the MLP, including those arising from incentive distribution payments.

A decrease in the production of natural gas, crude oil or other energy commodities or a decrease in the volume of such commodities available for transportation, processing, storage or distribution may adversely impact the financial performance of energy companies. Production declines and volume decreases could be caused by various factors, including catastrophic events affecting production, depletion of resources, labor difficulties, environmental or other governmental regulation, equipment failures and unexpected maintenance problems, import supply disruption, increased competition from alternative energy sources, international politics and political circumstances (particularly of key energy producing countries), policies of OPEC and depressed commodity prices.

The success of the strategy is significantly dependent upon the ability of the investment manager to develop and effectively implement the investment objective. If Heronetta's principals were to become unable to participate in the management of the strategy for its Clients, the consequence would be material and adverse.

The Funds are not required and do not intend to register under the Investment Company Act of 1940, as amended (in reliance upon an exemption available to privately offered investment companies). Accordingly, the provisions of the Company Act (which may provide certain regulatory safeguards to investors) will not be applicable.

An investment in the Funds provides limited liquidity since the interests are not freely transferable and may only be withdrawn at limited times as provided in the offering documents. An investment in the Funds is suitable only for sophisticated investors who do not need liquidity with respect to their investment.

Item 9: Disciplinary Information

There is no disciplinary information applicable to Heronetta.

Item 10: Other Financial Industry Activities and Affiliations

Heronetta does not have any other business activities and is not engaged in any other financial industry activities or affiliations.

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

Code of Ethics and Personal Trading

Heronetta has adopted a Code of Ethics in accordance with Section 206 of the Investment Advisers Act of 1940 and Rule 204A-1 under the Advisers Act (the “Code”). The Code provides for a high level of ethical conduct applicable to Heronetta’s partners and employees (“Access Persons”), and obligates all Access Persons to put Clients’ interest over their own. The purposes of the Code are to (i) educate Access Persons about Heronetta’s expectations and the laws governing their conduct, (ii) remind Access Persons that they are in a position of trust, (iii) protect Heronetta’s reputation, (iv) guard against violation of the Federal Securities Laws, (v) protect Clients by deterring misconduct, and (vi) establish procedures for Access Persons to follow to assess whether Access Persons are complying with these ethical principles. All Access Persons must certify that they have received, read and understood the Code, annually, or when it is amended. Heronetta’s Chief Compliance Officer (“CCO”) monitors compliance with the Code by reviewing the required initial, quarterly and annual reporting of personal securities transactions, gifts and entertainment, political contributions, outside business activities and other affirmations of compliance by Access Persons.

Potential or existing investors in Heronetta-sponsored funds may request a copy of the Code by contacting Heronetta’s offices at (212) 601-5333 or by electronic mail at: info@heronetta.com.

Participation or Interest in Client Transactions

Heronetta’s employees may invest in securities owned by its Clients. Certain of such investments are subject to blackout periods and approval by Heronetta’s CCO. Records will be maintained of all securities bought or sold by the firm and its employees. The CCO or his delegate reviews these records to ensure no conflict of interest exists with Clients.

Conflicts of Interest

Heronetta may be subject to a number of actual and potential conflicts of interest. Although Heronetta and its members, officers and employees will devote as much of their time to the activities of the Clients as they deem necessary and appropriate, Heronetta is not restricted from

forming additional investment funds, from entering into other investment advisory relationships or from engaging in other business activities even though such activities may be competitive and/or may involve substantial time and resources.

Heronetta's policy with respect to allocation of investment opportunities is to act in a manner that is fundamentally fair to Clients. Investment opportunities may be allocated *pro rata*, or in some other manner, which may include consideration of cash positions, and overall exposure to a particular investment.

Item 12: Brokerage Practices

Heronetta has full discretion with respect to selecting its brokers to achieve best execution for its Clients and takes into consideration execution capability, commission rate, financial responsibility and responsiveness.

Before Heronetta enters into a new brokerage relationship, Heronetta will consider the following: disciplinary history, financial soundness, length, depth and scope of expertise, capacity to manage Heronetta's trades, and any other factors that may be relevant, including execution quality, overall price and market access.

Heronetta does not permit Clients to direct brokerage transactions.

Item 13: Review of Accounts

Heronetta Client accounts are monitored monthly by Henry Breck, Christopher Breck and the staff for performance, adherence to investment strategy, current positioning, and outlook and risk management. Events such as significant changes in underlying investment/asset values, major market movements or macroeconomic events, legal or regulatory developments, a change in business structure, and revised investment terms can trigger an investment review. Risk management review parameters include, but are not limited to, sector/industry/security concentration, liquidity, Beta to broad market movements, volatility and currency exposure. Monthly letters are sent to Clients with market, sector and MLP updates. The Funds' Investors also receive monthly statements from the Funds' administrator.

Item 14: Client Referrals and Other Compensation

Heronetta may make cash payments to third-party solicitors for Client referrals, provided that, to the extent required, each such solicitor has entered into a written agreement with Heronetta pursuant to which the solicitor will provide each prospective Client with a copy of Heronetta's Form ADV Part 2, and a disclosure document setting forth the terms of the solicitation

arrangement, including the nature of the relationship between the solicitor and Heronetta and any fees to be paid to the solicitor. As part of its fiduciary duties, Heronetta conducts initial and periodic oversight of third party solicitors. Where applicable, cash payments for Client solicitations will be structured to comply fully with the requirements of Rule 206(4)-3 under the Advisers Act and related SEC staff interpretations.

Item 15: Custody

All Client assets are maintained by a third-party qualified custodian.

Audited financial statements are prepared and issued annually to the Funds' Investors by an independent accounting firm, which is registered and subject to inspection by the Public Company Accounting Oversight Board.

Clients having separately managed accounts receive statements from Heronetta and directly from their custodian. Heronetta urges Clients to compare the statement received from Heronetta with the statement received directly from their custodian.

Item 16: Investment Discretion

Heronetta provides investment advisory services on a discretionary basis to (1) qualified clients, (2) accredited investors and (3) institutions via separately managed accounts and pooled investment vehicles. A separately managed account agreement or fund offering documents sets forth the scope of Heronetta's discretion. Heronetta has the authority to determine which investment transactions to enter into on behalf of the Client, without seeking or receiving the Client's consent.

Item 17: Voting Client Securities

Pursuant to its obligations under Rule 206(4)-6 of the Advisers Act, Heronetta, when delegated the authority to vote proxies on behalf of a Client, has established policies and procedures that are reasonably designed to ensure that proxies are voted in the best interest of each particular Client. In general, Heronetta will vote proxies with company management.

Heronetta will determine whether a proposal is in the best interests of its Clients and may take into account (1) management's recommendation of the proposal, (2) whether the proposal will entrench existing management, and, (3) whether management will be fairly compensated for past and future performance.

As a matter of policy, Heronetta will not be influenced by outside sources whose interests conflict with the interest of the Client. However, Heronetta may occasionally be subject to

conflicts of interest in the voting of proxies because of business or personal relationships it maintains with persons having an interest in the outcome of specific votes. The firm and its employees may also occasionally have business or personal relationships with other proponents of proxy proposals, participants in proxy contests, corporate directors, or candidates for directorships. If at any time, the responsible voting parties become aware of any type of potential conflict of interest relating to a particular proxy proposal, they will promptly report such conflict to the CCO. Generally, any conflict of interest will be resolved in the best interest of the Client.

Clients may obtain a copy of Heronetta's complete proxy voting policies and procedures upon request. Clients may also obtain information from Heronetta about how it voted any proxies on behalf of its Clients. Please contact our offices at (212) 601-5333 for any questions or for more information.

Item 18: Financial Information

This item is not applicable.