

FIRM BROCHURE

(PART 2A OF FORM ADV)



NGP MR Management, LLC
M&R Follow-On Fund Management, L.P.
EMG Fund II Management, L.P.
EMG Fund III Management, L.P.
EMG Fund III Co-Investment Management, L.P.
NGP MR, L.P.
M&R FOF GP, L.P.
EMG Fund II GP, L.P.
EMG Fund III GP, L.P.
EMG Fund III Co-Investment GP, L.P.
EMG Utica Co-Investment GP, LLC
EMG AE Utica Co-Investment GP, LLC

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November 27, 2013

This brochure (“Brochure”) provides information about the qualifications and business practices of NGP MR Management, LLC (the “Fund I Adviser”), M&R Follow-On Fund Management, L.P. (the “Follow-On Fund Adviser”), EMG Fund II Management, L.P. (the “Fund II Adviser”), EMG Fund III Management, L.P. (the “Fund III Adviser”) and EMG Fund III Co-Investment Management, L.P. (the “Fund III Co-Investment Adviser”, together with the Fund I Adviser, the Follow-On Fund Adviser, the Fund II Adviser the Fund III Adviser and the Fund III Co-Investment Adviser, the “Advisers”), and NGP MR, L.P., M&R FOF GP, L.P., EMG Fund II GP, L.P., EMG Utica Co-Investment GP, LLC, EMG AE Utica Co-Investment GP, LLC, EMG Fund III GP, L.P., and EMG Fund III Co-Investment GP, L.P., the general partners of the funds and related co-investment vehicles advised by the Advisers (collectively, the “General Partners” and, together with the Advisers, “EMG”).

If you have any questions about the contents of this Brochure, please contact our Chief Compliance Officer, Jay Burleson, at 972-432-1800 or by email at jburleson@emgtx.com. The information in this Brochure has not been approved or verified by the U.S. Securities and Exchange Commission (the “SEC”) or by any state securities authority. EMG may refer to itself as a “registered investment adviser” which does not imply a certain level of skill or training.

Upon registration, additional information about EMG will be available on the SEC’s website at www.adviserinfo.sec.gov.

ITEM 2 – MATERIAL CHANGES

The following is a discussion of the material changes to EMG's Brochure since it was last filed with the SEC on October 8, 2013.

- EMG has updated its disclosures under *Item 4 – Advisory Business* to include information about the Newly Formed Advisers (as hereinafter defined) and to provide information about the Firm's management of certain co-investment vehicles.
- EMG has updated its disclosures under *Item 5 – Fees and Compensation* and *Item 6 – Performance-Based Fees and Side-by-Side Management* to provide information about compensation that EMG will receive from investors in certain managed co-investment vehicles.

EMG will provide clients with a summary of any material changes to this Brochure since EMG's last annual update to its Brochure within 90 days of the close of EMG's fiscal year-end. EMG may provide additional interim disclosure about material changes, if and as warranted.

IMPORTANT NOTE ABOUT THIS BROCHURE

This Brochure is not:

- *an offer or agreement to provide advisory services to any person;*
- *an offer to sell interests (or a solicitation of an offer to buy interests) in any Fund (as defined in this Brochure) advised by EMG;*
- *a complete discussion of the features, risks or conflicts associated with any Fund advised by EMG.*

As required by the Investment Advisers Act of 1940, as amended (“Advisers Act”), EMG provides this Brochure to current and prospective clients. EMG may also, in its discretion, provide this Brochure to current or prospective investors in certain Funds, together with other relevant offering materials, such as a Fund’s private placement memorandum (“PPM”), prior to, or in connection with, such persons’ investment in such Funds.

Although this Brochure describes the investment advisory services of EMG, persons who receive this Brochure (whether or not from EMG) should be aware that it is designed solely to provide information about EMG as necessary to respond to certain disclosure obligations under the Advisers Act. As such, the information in this Brochure may differ from information provided in relevant offering materials or other documents.

More complete information about each Fund advised by EMG is included in the offering materials for such Fund, which may be provided to current and eligible prospective investors only by EMG or its authorized agents. If there is any conflict between information conveyed in this Brochure and that conveyed in any offering materials, you should rely on the information contained in the relevant offering materials.

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ITEM 4 – ADVISORY BUSINESS

The Advisers

This Brochure provides an overview of each Adviser, including the affiliated General Partner of each private equity fund listed in the table below, each of which is a separate and distinct company that may have differing investment capabilities and functions. EMG does business as The Energy & Minerals Group.

Adviser	General Partner of Related Fund	In business since	Regulatory Assets Under Management (As of 9/30/2013)
NGP MR Management, LLC (the “Fund I Adviser”)	NGP MR, L.P.	2007	\$2,103,317,237
M&R Follow-On Fund Management, L.P. (the “Follow-On Fund Adviser”)	M&R FOF GP, L.P.	2009	\$533,468,303
EMG Fund II Management, L.P. (the “Fund II Adviser”)	EMG Fund II GP, L.P.	2011	\$2,402,923,504
	EMG Utica Co-Investment GP, LLC	2013	\$646,122,658
	EMG AE Utica Co-Investment GP, LLC	2013	\$476,889,646

Each of the Advisers provides or will provide investment advisory services to private equity fund clients, focusing on investments in the global natural resources industry. The Advisers are the investment advisers to the private funds sponsored by The Energy & Minerals Group and its affiliates (the “Firm”). The Firm was formed by John Raymond and John Calvert (the “Co-Founders”). Each Adviser has offices in both Houston, Texas and Dallas, Texas.

The Fund III Adviser, EMG Fund III GP, L.P., EMG Fund III Co-Investment Management, L.P., and EMG Fund III Co-Investment GP, L.P. (collectively, the “Newly Formed Advisers”) have applied to become SEC-registered investment advisers pursuant to Rule 203A-2(c) under the Advisers Act. This Brochure includes information to illustrate the advisory services that the Newly Formed Advisers intend to provide, the fees the Newly Formed Advisers intend to charge, and other information about the private fund to be advised, following SEC registration. Each of the Newly Formed Advisers currently has no assets under management on a discretionary or a non-discretionary basis, but has a reasonable expectation that it will be eligible to register with the SEC under the Advisers Act within 120 days after the date its registration becomes effective.

In 2013, the Fund II Adviser entered into an investment management agreement with EMG Utica I Co-Investment, LP, EMG Utica I Offshore Co-Investment, LP, EMG Utica II Co-Investment, LP, EMG Utica II Offshore Co-Investment, LP, EMG Utica, LLC (collectively, “EMG Utica Co-Investment”) and EMG Utica Co-Invest GP, LLC; and with EMG AE Utica Co-Investment, LP, EMG AE Utica Offshore Co-Investment, LP (collectively, and together with EMG AE Utica Holdings, LLC, “EMG AE Utica Co-Investment”) and EMG AE Utica Co-Investment GP, LLC.

For purposes of this Brochure, Fund I, the Follow-On Fund and Fund II are collectively referred to as the “Main Funds”. EMG Utica Co-Investment and EMG AE Utica Co-Investment are collectively referred to herein as the “Co-Invest Funds,” and together with the Main Funds, as the “Funds.”

Ownership

The principal owners of the Fund I Adviser are the Co-Founders and NGP Energy Capital Management, LLC (“NGP”). The principal owners of the Follow-On Fund Adviser, the EMG Fund II Adviser, the EMG Fund III Adviser and the EMG Fund III Co-Investment Adviser are the Co-Founders, Lee R.

Raymond (the “Senior Partner”) and other EMG employees, with the majority ownership interest held by the Co-Founders and the Senior Partner.

The General Partner of Fund I is wholly owned by the Co-Founders, other employees of EMG and by NGP or its affiliates, with the majority held by the Co-Founders and NGP. The General Partners of the Follow-On Fund, Fund II, Fund III, Fund III Co-Investment, EMG Utica Co-Investment and EMG AE Utica Co-Investment are wholly owned by the Co-Founders, the Senior Partner and other employees of EMG, with the majority ownership interest held by one or more of the Co-Founders.

Additional information related to the ownership of the Advisers and the General Partners can be found on Schedules A and B of EMG’s Form ADV Part 1.

Each of the Advisers advises only private funds and all of the Advisers are under common control. All of the Advisers’ employees and persons acting on their behalf are subject to common supervision and control. The Advisers operate under a single set of written policies and procedures, including a single code of ethics, and the Advisers’ policies and procedures are administered by a single chief compliance officer. Accordingly, the Advisers file a single Form ADV in reliance on the position expressed in the no-action letter issued by the SEC staff to the American Bar Association, Business Law Section, on January 18, 2012.

The Main Funds

In 2007, the Co-Founders established an affiliation with NGP, an energy-focused private equity firm, to assist in raising capital commitments for NGP Midstream & Resources, L.P. and NGP Midstream & Resources Offshore Fund, L.P. (collectively, “Fund I”). As of September 30, 2013, Fund I had \$1.40 billion in capital commitments. The Fund I Adviser is the manager of Fund I. In 2009, the Co-Founders and NGP determined that NGP would no longer be involved in any EMG investment vehicle, other than the participation of David Albin, a managing partner of NGP, on the Investment Committee of Fund I. Neither NGP nor its affiliates have any other relationship with the Firm except for an economic interest in Fund I, the General Partner of Fund I and the Fund I Adviser. NGP has an existence independent of the Firm and carries out its operations independently of the Firm. For purposes of this Brochure, references to the “Firm”, “EMG” and the “Advisers” do not include references to NGP or its affiliates and/or related persons.

In 2009, the Firm formed the Follow-On Fund Adviser, which is the manager of Midstream & Resources Follow-On Fund, L.P., Liberty M&R SPV, L.P., Liberty M&R SPV II, L.P. and Pallinghurst M&R SPV Cayman, L.P. (collectively, the “Follow-On Fund”). As of September 30, 2013, the Follow-On Fund had \$245 million in capital commitments.

In 2011, the Firm established The Energy & Minerals Group Fund II, L.P., EMG Fund II Offshore, L.P. and EMG Fund II Dutch Offshore, L.P. (collectively, “Fund II”) as a new fund that would succeed to the investment strategy and focus of Fund I and the Follow-On Fund. Fund II is managed by the Fund II Adviser and held its final closing in December 2012. As of September 30, 2013, Fund II had approximately \$2.25 billion in capital commitments.

As of September 30, 2013, all of Fund I’s and the Follow-On Fund’s capital is fully committed to the respective investments made by those two Funds and approximately 82% of Fund II’s capital is committed to investments. As of September 30, 2013, all of the Co-Invest Funds’ capital is fully committed to their respective investments made alongside the applicable Main Fund.

The General Partner of each Main Fund has established an investment committee (the “Investment Committee”) comprised of (i) for Fund I, the Co-Founders and David Albin, a managing partner of NGP, and (ii) for the Follow-On Fund and Fund II, the Co-Founders and the Senior Partner. All investment

decisions made by the Main Funds must be approved by unanimous agreement of the members of the respective Investment Committee. The Co-Invest Funds are bound by their Governing Documents to accept the investment decisions made by the Fund II Investment Committee related to the applicable Fund II portfolio company in which the Co-Invest Fund is invested.

Co-Invest Funds

Limited partners in the Funds have the right to co-invest in Fund portfolio companies that require additional capital beyond what the Fund(s) have agreed to provide. Generally, co-investment vehicles are only allocated investment opportunities if there are additional portfolio capital funding requirements for a particular investment opportunity. In certain circumstances, strategic investors that are not current limited partners in the Funds also may be offered a co-investment opportunity in a Fund's portfolio company. As of September 30, 2013, excluding the Co-Invest Funds managed by EMG, Fund limited partners and strategic investors had committed approximately \$1.28 billion in additional capital to the Funds' portfolio companies through co-investment vehicles not managed by EMG.

In 2013, the Firm established EMG Utica Co-Investment as a co-investment vehicle that would invest with Fund II in a specific portfolio company. EMG Utica Co-Investment is managed by the Fund II Adviser. As of September 30, 2013, EMG Utica Co-Investment had approximately \$620 million in capital commitments.

In 2013, the Firm established EMG AE Utica Co-Investment as a co-investment vehicle that would invest with Fund II in a specific portfolio company. EMG AE Utica Co-Investment is managed by the Fund II Adviser. As of September 30, 2013, EMG AE Utica Co-Investment had approximately \$477 million in capital commitments.

EMG expects to manage any co-investment vehicle formed in the future to invest in portfolio companies of a Main Fund, or future private equity funds formed by EMG.

Parallel Investment Entities

In addition to limited partners invested in the main fund entity, the General Partner of each of the Funds may organize and/or manage one or more parallel investment entities ("Parallel Investment Entities") to facilitate participation by certain investors, including EMG employees or affiliates, in investment opportunities in order to accommodate legal, tax, regulatory or other similar considerations of such investors. These Parallel Investment Entities generally invest side-by-side with the main fund entity in each investment proportionate to their respective committed capital.

Advisory Services

EMG tailors its advisory services to the specific investment objectives and restrictions set forth in the limited partnership agreements and other governing documents (collectively, the "Governing Documents") of each Fund, not to the individualized needs of any particular investor in the Funds.

Pursuant to the investment guidelines and restrictions set forth in the Governing Documents of each Fund, EMG invests in the entire energy industry and all facets of the mining, minerals and metals industry, with a particular focus on non-substitutable, industrial commodities. EMG endeavors to optimize risk-adjusted returns by allocating capital through a natural resource portfolio diversified by geography, commodity and business function. Information about the Funds and the particular investment objectives, strategies, restrictions and risks associated with an investment are described in each Fund's Governing Documents, which are made available to investors only through each Adviser and its authorized agents. See *Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss* and *Item 16 – Investment Discretion*.

The Main Funds' typical investment in a target company will range from \$150 million to \$400 million, and Co-Invest Funds are not bound by the investment limitations of the Main Funds. The Funds primarily invest in non-public companies, although they may invest in public companies subject to any limits set forth in the Fund's Governing Documents. Each Fund also may hold public company investments as a result of a sale of all or a portion of the Fund's investments in a portfolio company, such as when there is an initial public offering of a portfolio company's securities or a portfolio company is sold to a public company and the Fund receives publicly-traded securities in the acquiring company. Following an investment in a portfolio company, the Co-Founders and EMG employees often serve on the portfolio company's board of directors, or otherwise act to influence the management of the companies until the applicable Fund exits the investment.

EMG's senior investment professionals have spent their entire careers in the natural resources industry and most have significant experience as operators. Each of EMG's senior investment professionals also has experience investing in and/or operating natural resources assets in jurisdictions worldwide.

The Funds are offered exclusively to individuals who qualify as "accredited investors" under Regulation D promulgated under the Securities Act of 1933, as amended (the "Securities Act"), and "qualified purchasers" as defined under Section 2(a)(51) of the Investment Company Act of 1940, as amended ("Investment Company Act"), and are therefore not required to register as investment companies with the SEC in accordance with the exemption set forth in Section 3(c)(7) of the Investment Company Act. Subject to the investment guidelines and restrictions in the Governing Documents for the Funds, EMG has broad discretion to make investment decisions for the Funds. Investment in the Funds involves significant risks and should be regarded as long-term in nature, forming only one portion of an investor's diversified investment portfolio.

EMG provides investment management services exclusively to the Funds. Outside of such services to the Funds, EMG offers no other advisory services. EMG does not perform any type of financial planning, quantitative analysis, tax planning or market timing services. It also does not participate in wrap fee programs.

As of September 30, 2013, EMG had approximately \$6.16 billion of regulatory assets under management in respect of which EMG or an affiliate of EMG has full investment discretion (subject to each Fund's established investment guidelines). EMG does not manage any client assets on a non-discretionary basis.

Compliance Committee

EMG has created a compliance committee (the "Compliance Committee"), consisting of the Chief Compliance Officer and the Co-Founders. The Compliance Committee meets periodically to address certain compliance matters delegated to the committee under EMG's compliance policies and procedures manual (the "Compliance Manual") or by the Chief Compliance Officer; however, the Chief Compliance Officer of EMG has full responsibility to develop and enforce all compliance policies and procedures. The Compliance Committee endeavors to ensure that compliance resources are adequate relative to the compliance risk profile for EMG, given the Firm's business and operations. The Compliance Committee also evaluates the results of the annual review of the Firm's compliance program and implements appropriate amendments to that program.

ITEM 5 – FEES AND COMPENSATION

Management Fees

EMG charges an annual fee (the “management fee”) as described in each Fund’s Governing Documents. Certain investors in co-investment vehicles are not subject to such management fees.

The timing of fee payments will be set forth in the relevant Fund’s Governing Documents. Generally, management fees are payable by the Funds quarterly in advance. Subject to the specific provisions set forth in the applicable Governing Documents, the annual management fee generally ranges from 0.75-2% of each investor’s commitment or funded investment in the relevant Fund. Typically, annual management fees initially are derived from capital commitments assigned to the investors in the Funds and subsequently “step down” to be calculated on the net invested capital of the applicable Fund when the Fund’s active investment period is over. In accordance with the Governing Documents of each Fund, if an investment management agreement is terminated, the applicable Adviser will repay to the applicable Fund the unearned portion (computed on the basis of the number of days elapsed), if any, of any fees previously paid to the Adviser. Investors and prospective investors in the Funds should refer to the Governing Documents of each Fund for a detailed description of fees.

Similar advisory services may be available from other investment advisers for higher, similar or lower fees.

At least quarterly, EMG issues capital calls for any investment requirements, Fund-related reimbursable expenses or management fees owing to EMG. The General Partner of a Fund issues capital calls to investors for their pro rata share of the relevant Fund’s expenses (including management fees) upon not less than ten days’ notice. Fund investors do not have the ability to choose to be billed directly for fees incurred.

Performance Fees

Subject to the specific provisions contained in each Fund’s Governing Documents, in addition to the payment of an ongoing annual management fee, the Funds (and indirectly the investors in such Funds) are required to pay to the applicable General Partner a performance fee in the form of a carried interest with respect to distributions made to investors in the applicable Fund. Certain investors in co-investment vehicles, including the Co-Invest Funds, are not subject to performance fees. Investors and prospective investors in the Main Funds should refer to the Governing Documents of each Fund for a detailed description of the fee and distribution provisions.

For additional details about such performance-based compensation, please refer to *Item 6 – Performance-Based Fees and Side-by-Side Management*.

Portfolio Company Fees

The General Partner of each Fund may receive certain fees in connection with the Fund’s investments in portfolio companies, including directors’ fees, structuring fees and break-up fees. Each General Partner of a Main Fund will apply 100% of such fees to reduce the management fee. The General Partners of the Main Funds do not retain any portion of such fees.

Administrative

EMG Admin, L.P., a Delaware limited partnership owned by the Co-Founders (“EMG Admin”), performs certain administrative and overhead functions for the Funds and their General Partners pursuant to an administrative services agreement between EMG Admin and the relevant Adviser. EMG Admin receives an annual fee from each Adviser, payable quarterly in advance, plus reimbursement of all expenses incurred in providing its services. As set forth in the Governing Documents of each Fund, administrative costs are borne by the Adviser and not the Fund, except for certain Fund-related reimbursable expenses.

Other Fees and Expenses

The General Partner of each Fund is liable for its normal operating overhead and administrative expenses, including salaries, bonuses and benefits, office facilities, back office support, accounting, management/finance functions, marketing, non-Fund related travel and other management-related costs. Investors in each Fund will reimburse its General Partner for all expenses (other than the aforementioned administrative and overhead expenses) attributable to the Fund’s activities, including but not limited to legal, auditing, consulting and accounting expenses, expenses associated with the preparation of the Fund’s financial statements, tax returns and K-1 forms, other expenses associated with the acquisition, holding and disposition of Fund investments (including fees incurred in connection with the maintenance of bank or custodian accounts and brokerage, closing and underwriting expenses), Fund-related travel, extraordinary expenses (such as litigation, if any), and expenses relating to transactions which are not consummated. See *Item 12 – Brokerage Practices* for a discussion of brokerage practices.

To the extent not otherwise recovered from a portfolio company, investors in the Funds may be responsible for some or all of the formation and organizational expenses of the applicable Fund and certain out-of-pocket expenses incurred in connection with a consummated portfolio company transaction.

It should be recognized that portfolio companies may have standard indemnification obligations relating to any legal or other proceedings brought against any officers, directors and other parties involved with a particular portfolio company (each, an “Indemnatee”) alleging improper conduct by the Indemnatee in connection with his or her actions for or on behalf of the portfolio company. Such indemnification provisions may include an obligation by the portfolio company to pay or reimburse the Indemnatee for its legal and related expenses in advance of a final decision in such proceedings. However, if that decision finds that the Indemnatee did not meet certain standards of conduct then the Indemnatee would be required to repay such amounts.

If EMG’s management services terminate prior to the end of the relevant payment period due to dissolution of the Funds, the General Partner of the applicable Fund will, in accordance with its Governing Documents, make a final determination of all items of income, gain, loss and expense. After payment or provision for payment of all liabilities and obligations of a Fund, the remaining assets, if any, will, in accordance with the partnership agreement, be distributed to Fund investors.

Investors in the Funds should refer to each Fund’s Governing Documents for a detailed understanding of how EMG is compensated.

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

As mentioned in *Item 5 – Fees and Compensation*, the General Partner of each Fund, each an affiliate of EMG, generally is eligible to receive performance-based compensation, sometimes referred to as “carried interest,” for the relevant Fund. The carried interest is effectively equivalent to a percentage of a Fund’s net profits, subject to certain terms and conditions set forth in the Governing Documents of the applicable Fund. Any performance-based compensation will be paid in accordance with Section 205(3) of the Advisers Act and the rules promulgated thereunder, which specify certain qualification thresholds for clients of EMG being assessed such a fee. Any share of Fund net profits paid to the General Partner is separate and distinct from any annual management fee charged by EMG to the Funds.

Certain co-investment vehicles are not subject to carried interest allocations. Given the investment activities of these vehicles are implemented indirectly through the Main Fund investing alongside of it, EMG does not view these arrangements as giving rise to the types of conflicts of interests described below. EMG recognizes that it is a fiduciary and as such must act in the best interests of the Funds and their investors, as applicable. Further, EMG recognizes that it must treat all Funds (and their respective investors) fairly and must refrain from favoring one client’s interests over another’s.

Mitigating Conflicts of Interest Associated with Carried Interest

A carried interest in the Funds may create a potential incentive for the Adviser and the General Partner of each Fund to make more speculative investments for the Funds than they would otherwise make in the absence of such performance-based compensation. For instance, a carried interest generally entitles the General Partner of each Fund to a percentage of net profits of the Fund, subject to certain terms and conditions set forth in the Governing Documents of each Fund; however, the General Partner does not have to bear the same proportion of the net losses, if any, suffered by the particular Fund. EMG mitigates conflicts of interest associated with a carried interest through: (i) the requirement that invested capital, a preferred return and expenses be returned to investors before the General Partners are entitled to receive any carried interest; (ii) the requirement that each General Partner have a capital commitment to the applicable Fund; and (iii) the clawback obligation of each General Partner upon dissolution of the applicable Fund.

Additionally, in allocating investment opportunities, there could be potential incentives to favor a Fund with higher potential performance fees or carried interest allocations over Funds with lower potential performance fees or carried interest. Subject to the Governing Documents for the relevant Fund, generally neither the General Partner nor any affiliate of the General Partner of a Fund may sponsor or close the formation of a new energy and minerals private equity fund managed by the Firm to make investments similar in size and scope as the Fund’s, other than Parallel Investment Entities or any permitted alternative investment structures, or any investment vehicle formed to make permitted co-investments in portfolio companies, until a specific percentage threshold of the aggregate capital commitments of the relevant Fund have been invested, reserved, committed to be invested or reserved for future fees and expenses of the Fund partnership, as set forth in the Governing Documents of the relevant Fund. Typically, the percentage threshold is 75% of aggregate capital commitments.

In the event that more than one Fund is actively seeking investment, EMG generally will allocate investment opportunities among the Funds, subject to any limitation in the Governing Documents, to the extent that prospective portfolio companies meet more than one Fund’s investment guidelines. Allocations will be based on available capital, and each Fund will participate on substantially similar terms and share proportionately in transaction costs. Generally, co-investment vehicles are only allocated investment opportunities if there are additional portfolio capital funding requirements for a particular investment opportunity. Investment allocations must be approved by the Investment Committee(s) of the

applicable Main Fund. See *Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading – Inconsistent Investment Positions*.

EMG is focused on managing conflicts of interest and monitoring the allocation of investment opportunities in these contexts and endeavors to resolve any conflict with respect to investment opportunities in a manner that it deems equitable under the facts and circumstances, consistent with its fiduciary duties. As appropriate, EMG will work closely with the relevant limited partner advisory board(s) to ensure that all potential conflicts are properly managed. The role of a limited partner advisory board is further described in *Item 13 – Review of Accounts*. Investors should refer to the specific provisions of the Governing Documents of the applicable Fund for more detailed discussion regarding the allocation of investment opportunities among the Funds. See also *Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading – Allocation of Investment Opportunities*.

Pallinghurst Fees

Certain EMG affiliates have the right to earn a share of certain annual management fees and carried interest related to co-investment vehicles formed to facilitate investment in Pallinghurst Resources Limited, a global natural resources investment vehicle and a portfolio company of certain of the Funds, and its affiliates (“Pallinghurst”). Pallinghurst is managed by an entity that is not affiliated with, and functions independently of, the Firm. The Firm has the right to appoint a member to one of Pallinghurst’s investment committees; however, EMG does not currently exercise such right and therefore, does not have a representative on the committee. The annual management fees and carried interest received from certain of the Pallinghurst investment vehicles may create a potential incentive for EMG to manage the Funds’ investments in Pallinghurst in a way that would increase EMG’s management fees and carried interest. This risk is mitigated because Fund I and the Follow-On Fund are fully committed and no new commitments or investments are expected to be made in Pallinghurst by Fund II. EMG will continue to manage the Funds’ investments consistent with its fiduciary duties and not based on anticipated compensation or profits to EMG or its affiliates.

ITEM 7 – TYPES OF CLIENTS

As noted in *Item 4 – Advisory Business*, EMG provides discretionary investment advisory services to the Funds, which are pooled investment vehicles operating as private investment funds exempt from registration under the Investment Company Act. Each investor in the Fund must meet the eligibility provisions outlined in *Item 4* above. Investments in the Funds may be subject to a minimum initial investment amount per investor, subject to increase, decrease or waiver at the discretion of EMG and the General Partner of each Fund.

ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Strategies

EMG pursues investments across the global natural resources industry on behalf of the Funds, primarily in the energy industry and all facets of the mining, minerals and metals industry, with a particular focus on non-substitutable, industrial commodities.

To generate what EMG believes are the most attractive risk-adjusted returns across the natural resources industry, EMG utilizes an investment strategy diversified by geography, commodity and business function. With its global network of relationships and capability to pursue opportunities in multiple jurisdictions, EMG has executed transactions in the United States, Canada, South Africa and Australia.

In addition, EMG has experience across the entire energy industry. Unlike most energy-related private equity firms, EMG is not solely focused on one sub-sector of the industry in one region (e.g. North American upstream oil and gas) and therefore it can allocate capital to what EMG believes are the most attractive risk-adjusted opportunities globally across the entire natural resources industry.

To execute on EMG's broad investment mandate, EMG has a consistent investment thesis and approach. Specifically, EMG seeks to identify investments that reflect each of the following three key tenets:

1. ***Low cost sources of supply and/or production*** - EMG believes businesses with low cost sources of supply and/or production, either direct or underlying, will be able to compete effectively on a through-cycle basis in the global natural resources industry.
2. ***High quality commodity based products*** - EMG targets companies with high quality commodity based products in order to maximize margins and achieve superior profitability.
3. ***Strategic proximal locations*** - EMG seeks to ensure that its portfolio companies are strategically located near their direct end user(s) or key export points in order to have the ability to deliver the respective products to market on a cost competitive basis.

Material Investment Risks

Investment in the Funds entails a significant degree of risk and should be undertaken only by investors capable of evaluating the risks of the Funds and bearing the risks it represents.

EMG's investment activities involve a high degree of risk with no certainty of any return of contributed limited partner capital. There can be no assurance that the Funds will meet their investment objectives or successfully carry out their investment programs. The following summary of material risks attendant to an investment in the Funds is not a complete list of all investment and operating risks associated with such investment, a more detailed discussion of which is set forth in each Fund's Governing Documents.

The risk sets below are categorized according to: (i) adviser selection risks; (ii) portfolio strategy risks; (iii) private equity risks; and (iv) general investment risks. The Funds and investors in the Funds should be prepared to bear losses in both principal invested and unrealized capital gains.

Adviser Selection Risks

Limited Partners Have No Control In the Management of the Funds.

Limited partners have no right or power to take part in the management of the Funds and have only limited rights to remove the General Partner or the Adviser. Accordingly, an investor should not purchase limited partnership interests in a Fund unless such investor is willing to entrust all aspects of the management of the Fund to the General Partner and the Adviser.

The Loss of Key Personnel May Materially and Adversely Affect the Funds' Performance.

The success of the Funds is highly dependent on the financial and managerial expertise of the Co-Founders. However, there can be no assurance that such individuals will continue to be associated with the respective General Partner and the Adviser or their affiliates throughout the life of each Fund and, accordingly, the loss of one or both of the Co-Founders may materially and adversely affect the Funds' performance.

Portfolio Strategy Risks

The Funds' Investments May Not Be In the Best Interests of Some Limited Partners.

Each Fund has a diverse range of limited partners that may have conflicting interests that, in turn, stem from differences, among others, in investment preferences, domicile, tax status and regulatory status. The Investment Committee of each Fund will attempt to consider the objectives of the Fund as a whole when making decisions with respect to the selection, structuring and sale of portfolio investments, but it is inevitable that such decisions may be more beneficial for some limited partners over others.

The Funds May Not Achieve Results Similar to Past Performance.

There can be no assurance that each Fund's returns will approach the individual or collective performance of the Funds offered by EMG that was achieved in prior periods or that was experienced by the investors in other businesses or transactions managed or initiated by any of the Co-Founders. The loss of all or a portion of the amount invested in each Fund's investments is possible.

The Funds' Investments Are Subject to Certain Industry Risks and Lack Diversification.

Each Fund focuses on private equity investments in the global natural resources industry, which generally includes the energy industry and all facets of the mining, minerals and metals industry, with a particular focus on non-substitutable, industrial commodities. These types of investments may be subject to a variety of factors that may adversely affect their business or operations, including, without limitation, general economic conditions, catastrophic accidents, rising interests costs, cost overruns in capital construction programs, excessive leverage, costs associated with environmental and other regulations, surplus capacity, increased competition from other industry participants and the effects of energy conservation, tax and other fiscal policies. In addition, a relatively high percentage of each Fund's total capital may be invested in a single company or its affiliates. As a consequence, if any large position has a material loss or the industry generally experiences a material decline, then returns to investors may be lower than if the Funds had invested in a more diversified portfolio.

Private Equity Risks

Limited Partners' Interests in the Funds Have Limited Transferability.

Limited partners may not sell, assign or transfer their interests (other than to an affiliate, subject to the requirements set forth in the Governing Documents of the applicable Fund) without the prior written consent of the General Partner of the applicable Fund.

The Funds Invest in Illiquid Securities with a Limited Secondary Market.

The Funds are closed-ended. Most investments made by a Fund initially will not have a readily available public market. In addition, the transferability of certain investments may be restricted under the terms of the Governing Documents.

General Investment Risks

The Funds May Invest in Foreign Investments, Which Have Increased Risks.

Each Fund may make investments in companies domiciled in Canada, Australia, South Africa and in other countries outside of the United States, subject to the terms of the Governing Documents of the relevant Fund. Investments in securities of non-U.S. companies entail risks in addition to the risks of investment in U.S. companies. These risks include, but are not limited to, currency risks, different disclosure requirements and different regulatory environments in the respective countries. These risks would be magnified in any emerging market that a Fund may choose to invest in.

Economic and Market Conditions.

The success of each Fund's activities will be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, and changes in laws, trade barriers, currency exchange controls and national and international political conditions. These factors may affect the level and volatility of securities prices and the liquidity of a Fund's assets. Volatility or illiquidity could impair a Fund's profitability or result in losses.

Regulatory Risks.

Each Fund relies on various exemptions from federal and state statutes and rules, such as the U.S. Employee Retirement Income Security Act of 1974, as amended, the Investment Company Act and the Securities Act, to operate without having to register under such statutes and rules. Loss of any such exemption, or a change in these or any other rules and regulations, such as those promulgated under the Advisers Act and the U.S. Internal Revenue Code, could impact a Fund's ability to continue to operate as it currently does.

Additionally, each Adviser is subject to regulation under the Advisers Act. The SEC has intensified its focus on private fund advisers and periodically examines advisers to assess their compliance with Advisers Act requirements. Any examination findings of the SEC staff may impose new costs or require changes in EMG's current or planned business operations. The Advisers' failure to comply with the Advisers Act or other regulatory requirements could lead to, among other remedies, administrative enforcement actions and legal proceedings.

Tax Considerations.

An investment in the Funds may involve complex U.S. or international income tax considerations that will differ for each investor. Under certain circumstances, investors could be required to recognize taxable income in a taxable year, even if the applicable Fund either has no net profits in such year or has an amount of net profits in such year that is less than such amount of taxable income.

Conflicts of Interest.

Fund investments are subject to various conflicts of interest, including those between co-investors in specific projects, between various investors in each Fund, and between EMG and each Fund. Certain of these conflicts are more fully discussed in *Item 10 – Other Financial and Industry Activities and Affiliations*, under *Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading*, and in each Fund's Governing Documents.

Widely Fluctuating Commodity Prices May Affect Each Fund's Investments.

Significant changes in commodity prices may impact many of the companies in which a Fund invests given their focus on the global natural resources industry. Such changes may reduce these companies'

revenues, operating income and cash flow, adversely affecting their ability to meet their growth and capital spending objectives. EMG cannot predict future commodity price movements and prices often vary significantly.

ITEM 9 – DISCIPLINARY INFORMATION

Canadian Action Filed Under Ontario Class Proceedings Act

During late 2010 to early 2011, the Firm, through Fund I, competed with Arcelor-Mittal S.A. (“Arcelor”) to acquire (through takeover bid procedures under applicable Canadian securities and regulatory requirements) control of Baffinland Iron Mines Corporation (“BIM”), a (then) Toronto Stock Exchange-listed company that held certain rights to develop a major iron ore project (the “Mary River Project”) on Baffin Island in the Nunavut Territory of Canada. Arcelor and EMG (through Fund I) eventually agreed to make a joint takeover bid for BIM and that takeover bid resulted in the acquisition of over 93% (on a 70-30 basis, with Arcelor acquiring the 70% share) of the then-issued and outstanding common shares and 76% of the then-issued and outstanding warrants of BIM in February 2011. The remaining outstanding securities of BIM were subsequently acquired by way of a plan of arrangement, within which approximately 58 shareholders (representing less than 1% of the outstanding BIM common shares) have taken steps to exercise their statutory dissent rights.

In April 2011, a Notice of Action was filed under the Ontario Class Proceedings Act in connection with matters arising out of the joint takeover bid for BIM. Subsequently, the Notice of Action was amended to add another proposed representative plaintiff. The Statement of Claim was issued in May 2011 and alleges violations of the Ontario Securities Act and securities legislation of the other provinces and territories of Canada and oppression claims on behalf of three proposed classes: (i) all persons who tendered BIM securities to the joint takeover bid and whose securities were taken up under the bid; (ii) all persons who disposed of BIM securities after January 14, 2011, including those persons who sold BIM securities on the secondary market; and (iii) all persons whose BIM securities were acquired pursuant to the plan of arrangement. The claim names 17 different defendants, including Arcelor and individuals associated with Arcelor, BIM, the former directors of BIM, the entity which acquired the outstanding shares of BIM in the joint takeover bid, and all of its owners and joint venture partners. Fund I, which holds an indirect interest in the entity which acquired the outstanding shares of BIM in the joint takeover bid, Iron Ore Holdings, LP (“IOH”), an EMG portfolio company, the Co-Founders, and two consultants who are advisory affiliates of EMG (the “BIM Consultants”), are also named as defendants (collectively, the “EMG BIM Defendants”). The plaintiffs claim on behalf of the proposed plaintiff classes general and special damages in the sum of CAD \$1,000,000,000 (or such other sum as the court deems appropriate) from the defendants or, in the alternative, rescission of the transfer of BIM securities that occurred pursuant to the joint takeover bid. The particular allegations against the EMG BIM Defendants (which are asserted on a joint and several basis against a number of other defendants) is that various joint bid related circulars or notices contained misrepresentations for failing to disclose certain material facts. The claim also alleges that Fund I and IOH (along with the other “offerors” under the joint takeover bid) breached the insider trading provisions of applicable securities legislation by acquiring securities of BIM pursuant to the joint takeover bid with knowledge of material facts that had not been generally disclosed. The claim also asserts that Fund I is vicariously liable for the acts and/or omissions of the Co-Founders and that IOH is vicariously liable for the acts and/or omissions of John Raymond and the BIM Consultants, in each case in connection with the joint takeover bid, and that the plaintiffs are entitled to restitution for unjust enrichment from Fund I, IOH and the other offerors under the joint takeover bid. This action is still in its preliminary stages. Although the plaintiffs have served a certification motion, that motion has not yet been scheduled for hearing, pending the resolution of motions brought by the defendants to have all or some of the allegations in the statement of claim struck on various grounds.

While the result of litigation can never be predicted with certainty, the Firm believes that all of the claims and assertions made in the action against the EMG BIM Defendants are without merit and it intends to vigorously defend the claims against Fund I, IOH and the Co-Founders and understands that the BIM Consultants also intend to vigorously defend the claims against them.

Exxon Mobil and JP Morgan Chase Affiliations

Lee Raymond retired from his position as Chairman and CEO of Exxon Mobil Corporation (“ExxonMobil”) at the end of 2005. Accordingly, while he has not been an officer or director of ExxonMobil for over seven years, there may still be certain pending or outstanding court actions or regulatory or administrative proceedings relating to periods during which Mr. Raymond served as a director and/or officer of ExxonMobil and where he was named as a defendant in connection with such actions or proceedings. Mr. Raymond is not aware of any such pending actions or proceedings which have involved allegations that would, if a final non-appealable judgment or decision were rendered in connection therewith, require disclosure in response to this Item 9 of Part 2A or Item 11 of Part 1A of Form ADV. In addition, he currently serves as a director of JP Morgan Chase & Co. (“JPMorgan”) and has been a director of JPMorgan or its predecessor since 1987. Similar to the circumstances discussed above with respect to ExxonMobil, while there are certain outstanding court actions brought against JPMorgan and its affiliates involving allegations relating to, for example, JPMorgan's role in financings for and other activities conducted by, Enron Corp., where directors of JPMorgan have been named as defendants, Mr. Raymond is not aware that, if a non-appealable judgment relating to the allegations made in such actions or proceedings had been rendered, he would have been found to have committed any conduct that would have been required to have been disclosed in response to this Item 9 of Part 2A or Item 11 of Part 1A of Form ADV.

ITEM 10 – OTHER FINANCIAL AND INDUSTRY ACTIVITIES AND AFFILIATIONS

Neither the Adviser nor its management persons is registered as, or has an application pending as, a securities broker-dealer, futures commission merchant, commodity pool operator or commodity trading advisor.

EMG Funds

As noted throughout this Brochure, EMG and its advisory affiliates or persons controlled by or under common control with EMG (its “related persons”) are, directly or indirectly, managing members of the General Partner of each of the Funds. The General Partner of each of the Main Funds may organize and/or manage one or more Parallel Investment Entities to facilitate participation by certain investors in investment opportunities to accommodate legal, tax, regulatory or other similar considerations of such investors. Such Parallel Investment Entities invest in each investment opportunity selected by the General Partners on substantially the same economic terms and conditions and with such differences in the form of such investment as may be required by the legal, tax, regulatory or other similar considerations referred to above.

Subject to the Governing Documents for the relevant Main Fund, generally neither the General Partner nor any affiliate of the General Partner of the Main Fund may sponsor or close the formation of a new energy and minerals private equity fund managed by them to make investments similar in size and scope as the Main Fund’s, other than Parallel Investment Entities or any permitted alternative investment structures, or any investment vehicle formed to make permitted co-investments in portfolio companies, until a specific percentage threshold of the aggregate capital commitments of the relevant Main Fund has been invested, reserved, committed to be invested or reserved for future fees and expenses of the Main Fund partnership, as set forth in the Governing Documents of the relevant Main Fund. Typically, the percentage threshold is 75% of aggregate capital commitments. EMG is focused on managing conflicts of interest and monitoring the allocation of investment opportunities in these contexts and endeavors to resolve any conflict with respect to investment opportunities in a manner that it deems equitable under the facts and circumstances, consistent with its fiduciary duties. As appropriate, EMG will work closely with the relevant limited partner advisory board(s) to ensure that all potential conflicts are properly managed. Investors should refer to the specific provisions of the Governing Documents of the applicable Main Fund for more detailed discussion regarding the allocation of investment opportunities among the Funds.

Involvement in Portfolio Companies

The Co-Founders and certain supervised persons of EMG spend a substantial portion of their business time on one or more of the Funds as required under the terms of each Fund’s Governing Documents. The Co-Founders and supervised persons of EMG often become actively involved in portfolio company operations throughout the investment cycle for such company. Please refer to *Item 4 – Advisory Business* for a discussion of this component of EMG’s services. The Co-Founders or supervised person’s involvement with portfolio company operations may introduce a conflict of interest between the fiduciary duty he or she owes as a member of a portfolio company board and the fiduciary duty he or she owes to the applicable Fund. As a result of such service, the Co-Founders or supervised persons may become aware, from time to time, of material non-public information about the portfolio company or public companies affiliated with or that otherwise do business with the portfolio company. Such knowledge of material non-public information is likely to be attributed to EMG and may create a conflict of interest between the portfolio company and EMG. EMG’s *Code of Ethics* and related internal controls with respect to insider trading seek to prevent the potential misuse of such material non-public information. See the discussion of the *Code of Ethics* under *Item 11* of this Brochure.

Outside Business Activities

In addition to their participation in the various portfolio companies' boards of directors, John Raymond also currently has the right to designate one director to the board of directors of Vulcan Energy, Inc. (which seat he has to date left vacant), and Lee Raymond serves on the board of directors of JPMorgan, sits on an advisory panel to Kohlberg Kravis Roberts & Co, is a member and former Chairman of the National Petroleum Council and is a member of the International Advisory Board of Temasek (an investment company owned by the government of Singapore and a co-investor in a Fund portfolio company). From time to time, EMG, its affiliates and the Funds may enter into service arrangements with JPMorgan. As of the date of this Form ADV, certain Funds managed by EMG use JPMorgan Chase Bank, N.A., an affiliate of JPMorgan, as a qualified custodian of the respective Fund's cash assets and certificated securities, if any. EMG has policies and procedures designed to address certain of these conflict situations and monitors perceived and actual conflicts of interests arising from these relationships.

Consulting Arrangements

EMG, its affiliates and the Funds' portfolio companies have and may in the future enter into consulting arrangements for the purpose of obtaining certain administrative and advisory services for the Manager, the Funds or their portfolio companies with EMG supervised persons, including the Co-Founders, and entities controlled by supervised persons. EMG has policies and procedures designed to address any potential conflicts of interest that may be raised by these relationships, and its supervised persons will seek assistance from the CCO and outside counsel as necessary to mitigate any such potential conflicts.

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

Code of Ethics and Fiduciary Duty

EMG has adopted the Compliance Manual which includes a code of ethics (the “Code of Ethics”) setting forth the fiduciary standards of business conduct and compliance with applicable laws that are expected of EMG’s supervised persons and addresses conflicts that may arise from personal trading conducted by EMG’s “access persons,” as that term is defined in Rule 204A-1 under the Advisers Act. The Code of Ethics is the primary policy document of EMG that defines the expectation and requirement of professional and ethical conduct by all employees.

The Compliance Manual and Code of Ethics contain policies and procedures relating to: (i) fiduciary standards of conduct for EMG and its personnel; (ii) personal securities transactions; (iii) insider trading; (iv) allocation of business opportunities; (v) outside business activities; (vi) gifts and entertainment; and (vii) political contributions. Supervised persons receive the Code of Ethics and Compliance Manual upon hire and upon any changes thereto. All supervised persons must annually certify and acknowledge that they have received, read and understood, and agree to comply with EMG’s policies and procedures described in the Compliance Manual and Code of Ethics. Supervised persons are subject to disciplinary sanctions or termination for failure to honor the Compliance Manual and Code of Ethics.

Fiduciary Standards of Conduct

EMG always must act in its clients’ best interests. It is the policy of EMG to discharge its fiduciary duty in a manner that is consistent with the following:

- putting client interests first at all times;
- acting with the utmost good faith;
- providing full and fair disclosure of all material facts;
- never misleading clients;
- eliminating or responsibly managing all conflicts of interest; and
- disclosing material conflicts of interest to clients.

At all times, EMG and its supervised persons must comply with the letter and spirit of all applicable laws, including the Advisers Act and all applicable federal and state securities laws.

All supervised persons of EMG must act with competence, dignity, integrity, and in an ethical manner when dealing with clients, the public, third-party service providers and fellow supervised persons. Supervised persons must use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations and engaging in other professional activities.

Personal Securities Transactions

EMG considers all of its supervised persons to be access persons. EMG’s personal securities transactions policies and procedures apply to all accounts holding any securities over which access persons have any beneficial ownership interest, except for certain accounts over which the access person has no direct or indirect influence or control.

EMG monitors and controls personal trading by access persons through:

- receipt and review of each access person's personal securities holdings reports (required within 10 days of becoming an access person and annually thereafter) and quarterly transaction statements;
- maintenance of a restricted list of securities in which access persons may not trade; and
- pre-approval from the CCO of any proposed trade in certain publicly-traded securities, initial public offerings or private placements.

Insider Trading

EMG prohibits any access person from illegally trading, either personally or on behalf of others, on material non-public information. Further, EMG prohibits unauthorized access to or the disclosure of material non-public information to any entity regardless of the circumstances.

As discussed in *Item 10 – Other Financial and Industry Activities and Affiliations*, from time to time, EMG and its affiliates may obtain material, non-public information about another company. For example, an employee of EMG may serve on a board of directors of a company in which the Funds invest, either directly or indirectly. Serving in such a capacity may expose the employee, and by association EMG and the Funds, to certain limitations on the ability to trade in the securities of the particular company; therefore, the Funds' ability to trade in the securities of such company may become substantially restricted. The Funds' ability to buy and sell such securities may be limited to such times as company insiders are permitted to do so. These limitations may cause the Funds to forgo purchases or sales that it otherwise would make, thereby exposing the Funds to lost opportunities.

EMG monitors risks associated with material non-public information by:

- providing periodic employee education and training;
- monitoring outside business activities of access persons and their involvement in the management of the portfolio companies of the Funds;
- monitoring and restricting personal trading of access persons, their immediate family members and members of their household;
- requiring pre-approval of certain securities transactions;
- maintaining a restricted list of companies for which EMG or its access persons may have material non-public information; access persons are prohibited from trading in the securities of such companies;
- maintaining an information barrier between EMG's investment professionals and members of EMG's investor relations communications group; and
- maintaining a compliance program to monitor the activities of access persons.

Allocation of Investment Opportunities

Subject to the Governing Documents for the relevant Fund, generally neither the General Partner nor any affiliate of the General Partner of a Fund may sponsor or close the formation of a new energy and minerals private equity fund managed by the Firm to make investments similar in size and scope as the Fund's, other than Parallel Investment Entities or any permitted alternative investment structures, or any investment vehicle formed to make permitted co-investments in portfolio companies, until a specific percentage threshold of the aggregate capital commitments of the relevant Fund have been invested, reserved, committed to be invested or reserved for future fees and expenses of the Fund partnership, as set forth in the Governing Documents of the relevant Fund. Typically, the percentage threshold is 75% of aggregate capital commitments.

In the event that more than one Fund is actively seeking investment, EMG generally will allocate investment opportunities among the Funds, subject to any limitation in the Governing Documents, to the extent that prospective portfolio companies meet more than one Fund's investment guidelines. Allocations will be based on available capital, and each Fund will participate on substantially similar terms and share proportionately in transaction costs. Investment allocations must be approved by the Investment Committee(s) of the applicable Fund. See *Inconsistent Investment Positions* below.

EMG is focused on managing conflicts of interest and monitoring the allocation of investment opportunities in these contexts and endeavors to resolve any conflict with respect to investment opportunities in a manner that it deems equitable under the facts and circumstances, consistent with its fiduciary duties. As appropriate, EMG will work closely with the relevant limited partner advisory board(s) to ensure that all potential conflicts are properly managed. The role of a limited partner advisory board is further described in *Item 13 – Review of Accounts*. Investors should refer to the specific provisions of the Governing Documents of the applicable Fund for more detailed discussion regarding the allocation of investment opportunities among the Funds.

Outside Business Activities

EMG's access persons may not be employed by, or accept compensation from, any person or entity other than EMG and its affiliates (including portfolio companies) to the extent that such employment or activity conflicts with EMG's ability to serve its clients.

EMG monitors the outside business activities of access persons by requiring each access person to submit for pre-approval by the Chief Compliance Officer all proposed business activities that are not directly associated with the access person's professional responsibilities at EMG.

For additional information on EMG's access persons' outside business activities, see *Item 10 – Other Financial and Industry Activities and Affiliations*.

Gifts and Entertainment

EMG's access persons may receive gifts or attend business meals, sporting events and other entertainment events at the expense of a giver, provided that the gift or entertainment is not lavish or extravagant in nature. EMG's gifts and entertainment policy implements internal controls to monitor the behavior of access persons, which include:

- requiring access persons to report gifts and entertainment above certain de minimis amounts to the Chief Compliance Officer;
- requiring pre-clearance by the Chief Compliance Officer for an access person's attendance at any entertainment event over a certain monetary threshold; and
- maintaining a gift and entertainment log to ensure that EMG is informed of the activities of all access persons.

Political Contributions

EMG has adopted a political contributions policy to facilitate compliance with rules regarding the political activities of registered investment advisers doing business with government entities (referred to as "pay-to-play" rules). All access persons, their immediate family members and members of their household are subject to EMG's policies and the internal controls implemented by EMG to monitor the behavior of such persons, which include:

- requiring pre-approval of any direct or indirect political contributions or fundraising;

- requiring pre-approval for hiring or agreement to make payments to placement agents who may solicit a government entity for advisory business on behalf of EMG;
- requiring pre-approval for establishing or controlling a political action committee; and
- monitoring political contributions to ensure that EMG is informed of the activities of all access persons and persons related thereto.

Clients or prospective clients may obtain a copy of EMG's Code of Ethics by contacting EMG's Chief Compliance Officer, Jay Burleson, at 972-432-1800 or by email at jburleson@emgtx.com.

Interests in the Funds; Other Arrangements

Through the limited partnership structure, affiliates and supervised persons of EMG may have indirect beneficial interests in the assets owned by each of the Funds and may share in any profits and losses generated by Fund investments. In certain situations, related persons of EMG may purchase interests in the portfolio investments held by one or more Funds through the General Partner of a Fund and limited partnerships established to facilitate employee participation in the Funds.

EMG always endeavors to act in the best interests of the Funds; however, investors should be aware that the receipt of compensation and other amounts by EMG, its supervised persons and the General Partners of each Fund creates a potential conflict of interest with respect to such transactions. EMG's policies prohibit the allocation of investment opportunities based on anticipated compensation or profits to the Firm, EMG, any affiliates or their professionals. Where actual or potential conflicts between EMG, its supervised persons and the Funds are identified, procedures contained in EMG's Code of Ethics, Compliance Manual and the Governing Documents of the Funds may provide for submission of the proposed transaction to a limited partner advisory board for review and resolution. The role of a limited partner advisory board is further described in *Item 13 – Review of Accounts*.

Side Letters

EMG has entered into arrangements with certain investors, in connection with the investor's admission into a Fund, without the approval of any other investor. The arrangements may have the effect of establishing rights under, or supplementing or modifying the terms of, the Governing Documents of the relevant Fund with respect to the investor, and may include rights or terms necessary to address specific legal, regulatory, investment or public policy restrictions of an investor. EMG may also enter into side letter agreements with investors that may establish rights under, or alter or supplement the terms of, a Fund's Governing Documents in a manner that may be more favorable to such investors than those applicable to other investors. Subject to the terms of the relevant Fund's Governing Documents, limited partners may become beneficiaries of more favorable side letter terms granted to other investors.

All side letter agreements must be approved by the Compliance Committee, and the Chief Compliance Officer is responsible for monitoring compliance with each side letter.

Inconsistent Investment Positions

Subject to the Governing Documents of the relevant Fund, the General Partner of a Fund generally does not have the power or authority to authorize that Fund's investment in (i) any portfolio company of the other Funds or any other investment vehicle sponsored by the General Partner, the Adviser, the Co-Founders or any of their respective officers, directors or employees (the "Management Group"), or (ii) any entity in which the Management Group, the Senior Partner or any of their respective affiliates has an interest as of the time of such investment, without having received the prior written consent of the limited partner advisory board of the investing Fund.

Subject to the Governing Documents of the relevant Fund, generally the General Partner of a Fund may not permit any co-investment vehicles or Parallel Investment Entities to dispose of any investment in a

portfolio company before the Fund disposes of its investment in such portfolio company, unless the limited partnership advisory board of the Fund otherwise consents. If any such investments are disposed of at substantially the same time, such co-investment vehicle or Parallel Investment Entity generally will dispose of no more than its respective pro rata share of the Fund's and its respective investments in such portfolio company and on terms no more favorable to such co-investment vehicle or Parallel Investment Entity than those received by the Fund. The General Partner will ordinarily cause such co-investment vehicles or Parallel Investment Entities to, dispose of any such investment in a portfolio company on a pro rata basis with the Fund and at substantially the same time that the Fund disposes of its investment in such portfolio company.

Principal and Cross Transactions

Prior to the formation of Fund II, an affiliate of the Adviser funded an investment and, subsequent to the initial closing of Fund II, sold such investment to Fund II at cost. This transaction occurred to permit Fund II's participation in an investment opportunity that would no longer have been available by the time Fund II was formed. EMG does not engage in these types of warehousing transactions during the normal course of its business and does not currently expect to effect such transactions in the future.

EMG and its affiliate entities generally do not expect to engage in any principal or cross transactions. If it becomes necessary in the future to engage in principal or cross transactions, EMG will conduct such transactions in a manner that is consistent with its fiduciary obligations, the applicable Fund Governing Documents and relevant securities statutes, including the Advisers Act.

For additional information on how EMG manages actual and potential conflicts of interest, please see *Item 10 – Other Financial and Industry Activities and Affiliations*.

ITEM 12 – BROKERAGE PRACTICES

EMG's advisory business generally involves privately negotiated transactions with the prospective seller or prospective purchaser(s), and generally will not involve the services of a traditional broker or dealer as is customary in the transaction of registered securities. However, EMG may from time to time purchase or sell publicly-traded securities and will, in those circumstances, seek to achieve the best overall execution terms available to effect the transaction expeditiously and on terms most favorable to the Fund. When executing such a transaction in any investment in or for a Fund, EMG will consider the full range and quality of a broker or dealer's services, including execution capability, experience in private equity transactions, network of contacts and relationships, research services, commission rates, reputation and integrity, financial responsibility and responsiveness.

As a matter of policy, EMG does not engage in soft dollar transactions and does not enter into soft dollar arrangements in respect of transactions for any Funds. If EMG determines to use soft dollars in the future, it will endeavor to do so within the "safe harbor" provided by Section 28(e) of the Exchange Act. While EMG receives proprietary research from certain brokerage firms, it does not take the value of such research into account in selecting brokers.

EMG does not consider whether EMG or a related person may receive client referrals from a broker-dealer or third party in selecting or recommending broker-dealers. As a matter of policy, EMG does not permit the direction of any Fund transactions to a specific broker or dealer by an investor.

Aggregation of Securities Transactions

EMG presently provides investment advisory services to a select and limited number of clients. As such, it generally is not necessary to aggregate purchases or sales of securities or assets for multiple clients. EMG may aggregate such transactions, however, if the Investment Committee determines that aggregation would be beneficial to achieve more efficient execution or to provide for equitable treatment among Funds. It is expected that clients participating in aggregated trades would be allocated securities based on the average price achieved for such trades and that aggregated trades generally would be allocated among EMG's clients on a pro rata basis, with exceptions based on the Fund's applicable investment objectives, strategies and other guidelines.

ITEM 13 – REVIEW OF ACCOUNTS

Review of Accounts

EMG's investment professionals actively monitor and review each Fund's investment portfolio on a regular basis. Investments are reviewed in light of each Fund's stated investment objectives and guidelines as set forth in the Governing Documents of each Fund. During the review process, investment professionals analyze existing portfolio company positions to identify issues early on, take any necessary actions, and monitor portfolio company operations and overall performance relative to the original investment thesis. The Chief Financial Officer is responsible for overseeing periodic reconciliations of the Funds' assets. Cash accounts are reconciled on a monthly basis, while positions in assets that are not publicly traded are reconciled at least quarterly with their corresponding valuations. The Chief Financial Officer maintains work papers documenting the periodic reconciliations of the Funds' assets.

Advisory Board

As described in the Governing Documents for the relevant Main Fund, from time to time, the limited partner advisory board for a Main Fund will participate in the portfolio review process described above. Each advisory board is comprised of representatives of the limited partners who are unaffiliated with EMG or the General Partner and appointed by the General Partner to engage in certain activities as specified in the Governing Documents for each Main Fund, which, subject to the Main Fund's Governing Documents, may include: (i) to review and approve of the annual valuation of the Main Fund's portfolio; (ii) to resolve any questions that are presented to the advisory board relating to a conflict of interest or a potential conflict of interest between the Adviser, the General Partner or any of their affiliates, on one hand, and the Main Fund or the limited partners, on the other hand, and to approve certain contracts or other transactions between the Fund, on one hand, and the Adviser, the General Partner or an affiliate of either, on the other hand; and (iii) to advise the Adviser, the General Partner or their affiliates on other issues that are presented to the advisory board. Each advisory board generally will act by the majority vote of its members but does not have any power to manage the Funds or any of their investments.

Valuation

As a registered adviser and fiduciary to the Funds, EMG requires that all portfolio holdings reflect current, fair and accurate investment valuations. EMG's portfolio company valuation policy and portfolio investment valuation procedures are based on *ASC 820 - Fair Value Measurements and Disclosures*, *International Private Equity and Venture Capital Valuation Guidelines*, and other industry standards.

EMG's investment professionals establish or review and revise, as applicable, the valuation of each portfolio investment (i) initially, upon closing of a Fund's investment in a portfolio company, (ii) quarterly, if during the first three calendar quarters of any year an independent event has occurred with respect to a portfolio company, such as the sale of securities to a third party, a merger or a public offering, and (iii) annually, during the fourth calendar quarter of each year.

For more detail on valuation methodologies, which are articulated in the Governing Documents of each Fund and in the Compliance Manual, clients or prospective clients may contact the Chief Compliance Officer, Jay Burleson at 972-432-1800 or by email at jburleson@emgtx.com.

Reports to Investors

The Advisers do not provide reports to the Funds. Instead, the General Partner of each Fund provides written periodic reports and investment statements to the relevant Fund investors to monitor their investments.

As required by the Governing Documents of each Fund, limited partners will receive the following: (i) audited financial statements for the Fund (together with a statement of each limited partner's capital account and a valuation of the Fund's portfolio) on an annual basis in accordance with U.S. generally accepted accounting principles ("GAAP") within 90 days after its fiscal year end; (ii) unaudited financial statements (together with a statement of each limited partner's capital account and a valuation of the Fund's portfolio) on a quarterly basis; and (iii) annual tax information necessary for completion of each limited partner's tax returns.

ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

Portfolio Company Compensation

As described in *Item 5 – Fees and Compensation*, the Advisers, either directly or indirectly through their affiliates acting as General Partners to the Funds, will receive compensation from certain portfolio companies in connection with services provided to such companies in the ordinary course of business. The Advisers and their affiliate entities may also receive fees and other compensation, such as breakup fees, from transactions not consummated by a Fund in connection with the Fund's proposed investment in such transactions. As described more fully in each Fund's Governing Documents, each General Partner will apply 100% of such fees and other compensation to reduce the management fee. The General Partner does not retain any portion of such fees.

Placement Agents

EMG may enter into written engagement agreements with external solicitors or placement agents which provide that the solicitors or placement agents are required to abide by federal securities laws and applicable EMG policy requirements. All compensation paid to such solicitors or placement agents will be fully disclosed to each Fund consistent with applicable law and all such placement agent activities will be conducted in accordance with applicable law.

ITEM 15 – CUSTODY

EMG is deemed to have custody of the underlying assets of each Fund due to its affiliation with the General Partner of each Fund. EMG is not required to comply with the requirement to use a qualified custodian with respect to “privately offered securities,” as defined in Rule 206(4)-2 under the Advisers Act; however, EMG has implemented procedures in its Compliance Manual that are designed to safeguard these privately offered securities. In compliance with the audit approach exception to the custody rules for privately offered securities set forth in Rule 206(4)-2 under the Advisers Act, EMG distributes each Fund’s audited financial statements prepared in accordance with GAAP to the relevant Fund’s investors within 90 days after its fiscal year end. Financial statements are prepared by a Public Company Accounting Oversight Board-registered and inspected firm, and are documented and attested to by the accounting firm engaged to perform the custody audit. Investors should review these audited financial statements carefully.

Certain cash assets and certificated securities, if any, of the Funds are held by an unaffiliated, qualified custodian. See *Item 10 – Other Financial and Industry Activities and Affiliations – Outside Business Activities*.

ITEM 16 – INVESTMENT DISCRETION

As discussed in *Item 4 – Advisory Business*, EMG provides investment advisory services to each Fund on a discretionary basis, subject to the overall supervision of the General Partner of each Fund. The limitations on EMG's discretion are established through negotiations with the investors in each Fund and/or its General Partner. These limitations are incorporated into each Fund's Governing Documents, which include the applicable management agreement.

Individual investors in existing Funds do not have the ability to impose limitations on EMG's discretionary authority. There are no separate classes and investors in the Funds acquire identical interests. However, EMG may, under special circumstances, enter into arrangements with investors that limit or provide an alternative structure for the investor's participation in certain Fund investments to address specific legal, regulatory, investment or public policy restrictions of the investor or that establish rights under, or alter or supplement the terms of, such Funds' Governing Documents in a manner that may be more favorable to such investors than those applicable to other investors. See *Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading – Interests in the Funds; Other Arrangements* for more information.

Prospective investors are provided with the PPM prior to their investment and are encouraged to carefully review all offering materials and to be sure that the proposed investment is consistent with their investment goals and tolerance for risk. Prospective investors must also execute a subscription agreement, in which they make various representations, including representations regarding their suitability to invest in a privately placed pooled investment vehicle.

ITEM 17 – VOTING CLIENT SECURITIES

EMG may vote proxies for a Fund if required under the investment management agreement with the General Partner of such Fund. In accordance with Advisers Act requirements, EMG has adopted a policy on voting client securities to address voting requirements, if any, for Fund portfolio investments. EMG's policy is to exercise proxy votes in the best interest of the Funds, including when there may be material conflicts of interest in voting proxies.

EMG believes its interests are aligned with Fund investors through the General Partner's ownership interests in the Fund and therefore does not generally seek investor approval or direction when voting proxies. If, however, there is or may be a conflict of interest between the General Partner and the Fund in voting proxies, EMG may address the conflict using several alternatives, which include seeking counsel of the respective limited partner advisory board on the proposed proxy vote or through alternatives set forth in proxy policies.

EMG reviews each proposal on a case-by-case basis to determine whether it is in the best interest of the applicable client. In some instances, EMG may determine that it is in the Fund's best interest for EMG to "abstain" from voting, or not to vote at all, and will do so accordingly.

EMG's policy on voting client securities is designed to ensure that any material conflict of interest is identified for a particular proxy vote and the vote is not improperly influenced by the conflict. To receive a copy of EMG's policy on voting client securities contact the Chief Compliance Officer, Jay Burleson at 972-432-1800 or by email at jburleson@emgtx.com.

ITEM 18 – FINANCIAL INFORMATION

EMG does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.

EMG is not currently aware of any financial condition that would be reasonably likely to impair its ability to meet contractual commitments to clients. Additionally, EMG has not been the subject of a bankruptcy petition at any time during the past ten years.