

# Dale Oil & Gas Partners, LLC

## Client Brochure

*This Brochure provides information about the qualifications and business practices of Dale Oil & Gas Partners, LLC. If you have any questions about the contents of this Brochure, please contact us at 214-979-9010. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities' authority.*

*Dale Oil & Gas Partners, LLC is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.*

*Additional information about Dale Oil & Gas Partners, LLC is also available on the SEC's Web site at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).*

*Dale Oil & Gas Partners, LLC SEC number is: 802-76478*

*The firm's CRD number is: 162289*

**Dale Oil & Gas Partners, LLC  
2100 Ross Avenue, Suite 1870 LB-9  
Dallas, Texas 75201  
214-979-9010**

**March 31, 2014**

## ITEM 2: MATERIAL CHANGES

On an annual basis, this item will be used to provide clients with a summary of all material changes made to the Brochure since the last annual update. Dale Oil & Gas Partners, LLC (“Dale” or “Firm”) will ensure that clients receive a summary of any material changes to this and subsequent Brochures within 120 days of its business’ fiscal year-end. As the Firm is currently in the process of transferring its registration from an exempt reporting adviser to a registered investment adviser with the SEC, this is the Firm’s first Brochure and thus no material changes to disclose. Further, Dale will provide clients with a new Brochure as necessary based on changes or new information, at any time, without charge. Currently, Dale’s Brochure may be requested by contacting Mike J. Hebert, Chief Compliance Officer (“CCO”), by phone at 281-367-0380 or via email at [mhebert@dale-energy.com](mailto:mhebert@dale-energy.com).

Additional information about Dale is also available via the SEC’s Web site at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s Web site also provides information about any persons affiliated with Dale who are registered, or are required to be registered, as investment adviser representatives of Dale.

## TABLE OF CONTENTS

ITEM 1 – COVER PAGE.....	1
ITEM 2: MATERIAL CHANGES .....	2
ITEM 3 TABLE OF CONTENTS .....	3
ITEM 4: ADVISORY BUSINESS .....	4
ITEM 5: FEES, COMPENSATION AND TERMINATION OF SERVICES .....	6
ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT .....	7
ITEM 7: TYPES OF CLIENTS.....	8
ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS.....	9
ITEM 9: DISCIPLINARY INFORMATION .....	16
ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS .....	17
ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING .....	18
ITEM 12: BROKERAGE PRACTICES.....	20
ITEM 13: REVIEW OF ACCOUNTS .....	21
ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION.....	22
ITEM 15: CUSTODY .....	23
ITEM 16: INVESTMENT DISCRETION .....	24
ITEM 17: VOTING CLIENT SECURITIES.....	25
ITEM 18: FINANCIAL INFORMATION.....	26

\* The SEC requires all investment advisers to organize their disclosure documents according to specific categories listed above, some of which may not pertain to Dale's business. When a required category is not relevant to our business, we list the category and state that it does not apply.

## **ITEM 4: ADVISORY BUSINESS**

### **A. Description of the Advisory Firm**

Dale was formed in 2012 and is organized as a limited liability company under the laws of the State of Texas. Dale is currently registered as an exempt reporting adviser with the SEC. Dale is 100% owned by Dale 2007 GP, LLC, Dale 2007 Oil & Gas GP, LLC, and Dale Texas Management, LLC. Prior to 2012, the Firm managed less than \$150,000,000 in private fund assets and thus was only registered as an exempt reporting adviser. However as of December 31, 2012 the Firm maintained private fund assets under management in excess of \$150,000,000.00. As a result, the Firm is seeking registration with the SEC as a registered investment adviser. All of the Firm's assets are managed on a discretionary basis.

### **B. Types of Advisory Services**

The Firm's current advisory services consist of acting as an investment adviser to private funds that are both affiliated and non-affiliated with the Firm.

Dale is actively involved in acquiring royalty, overriding royalty, mineral interests, working interests and other oil and gas interests in various oil and gas producing regions throughout the United States.

### **C. Client Tailored Services and Client Imposed Restrictions**

The Firm tailors its advisory services to the individual needs and specified investment mandates of its clients (funds it manages) by ensuring it adheres to the investment strategy set forth in each Private Placement Memorandum and/or Limited Partnership Agreement. Although the Firm gathers information on the investors in each fund to understand their investment objectives and financial situations, it does not tailor its advice to the individual investors in the funds it manages. Clients cannot impose restrictions on investing in certain types of investments.

#### **D. Wrap Fee Programs**

Dale does not sponsor or manage a wrap fee program.

#### **E. Amounts of Assets Under Management**

The amount of client assets that we manage on a discretionary basis through Dale funds as of March 31, 2013, is \$344,558,910.00. Dale does not manage any client assets on a non-discretionary basis.

## **ITEM 5: FEES, COMPENSATION AND TERMINATION OF SERVICES**

### **A. Fees and Compensation**

For each of the Dale funds, generally, fees are deducted from the capital contributions for the partners and not billed separately. Certain funds have no set fees and are charged a reasonable allocation of overhead. Other funds have specific fees which are set forth in the agreements which are used for G&A, overhead, employee salaries, etc.

### **B. Payment of Fees**

As described above in item A, fees are deducted from each of Dale's private funds.

### **C. Other Fees**

The Firm does not charge any fees other than those described above.

### **D. Prepayment of Fees**

The fees are determined pursuant to the applicable limited partnership or limited liability company agreement. There are no separate advisor fees so no refunds are available. Fees are generally charged in arrears.

### **E. Other Compensation**

Neither the Adviser, nor its supervised persons accept any compensation/commission for the recommendation of securities or non-securities products including asset-based sales charges or service fees from the sale of mutual funds or insurance products.

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

Dale does not charge performance based fees in the traditional sense. However, generally each fund has either a back-in or profits interests after a certain return threshold is reached. In some cases this is a simple payout (i.e. the investors have received 100% of their capital back) and in that case the GP's interest increases from 0% to 20%. In some cases a back-in interest is earned at simple payout and another is earned at 2X payout. Certain funds have an additional hurdle such as IRR or specific ROI hurdle. This will vary between each of the Dale funds. The incentive compensation generally is paid to the general partner of the Management Member.

## **ITEM 7: TYPES OF CLIENTS**

Investors in the various Dale funds are generally accredited investors and qualified clients meeting the definition of Rule 205-3 under the Investment Advisers Act of 1940. Generally our investors either have a limited partnership interest or a membership interest in an LLC.

Minimum Investments in the Dale funds will vary between each fund based on the size of the offering and the number of investors in the fund. Therefore, it is impossible to assess a standard minimum investment amount.



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

### **A. Methods of Analysis and Investment Strategies**

Generally the Firm examines geology, drilling costs and the economics of each investment for which the Firm may be buying mineral interests and leasehold interests. The Firm consults outside geologists and engineers, looks at public company data and examines what it sees through other investments it manages. The Firm also utilizes internal models and evaluations. Oil and Gas investing is extremely risky and involves risk of loss that clients should be prepared to bear.

### **B. Material Risks**

With regard to the various Dale funds, the average material risks are commodity pricing, timing of drilling (since the Firm is generally not the operator on these properties), service costs, finding costs, operational challenges, geology, technology, and government regulation.

### **C. Risks of Specific Securities**

Dale acts solely as an advisor to the Dale private funds and does not recommend securities or any other type of investment products.

All investments carry some amount of risk. Dale's investment strategies may be subject to the following principal investment risks:

#### **Risks Related to the Oil and Natural Gas Industry**

***Lack of Operational Control.*** Dale does not control operations and development of the properties held by the funds. This fact could impact the amount of our cash distributions. As the owner of a fractional undivided mineral or royalty interest, or a non-operated working interest, neither the funds nor the general partners control the development of the properties. Each fund's ability to influence development of nonproducing properties is limited. The decision to explore or develop these properties, including infill drilling, exploration of horizons deeper or shallower than the currently producing intervals, and application of enhanced recovery techniques will be made by the operator and other working interest owners of each property and may be influenced by factors beyond the

control of the applicable fund, including but not limited to oil and natural gas prices, interest rates, budgetary considerations and general industry and economic conditions. Each fund's general and limited partners are not able to influence or control the operation or future development of the properties underlying each fund's interests. Current operators of the properties underlying each fund's interests are under no obligation to continue operating the underlying properties.

***Volatility of Oil and Natural Gas Prices.*** The revenues generated by each fund's operations and interests are highly dependent upon the prices of, and demand for, oil and natural gas. Historically, the prices of oil and natural gas have been volatile and are likely to continue to be volatile in the future and are dependent upon numerous factors such as weather, domestic and foreign political and economic conditions, the overall level of international and domestic demand for oil and natural gas, regulatory developments, severance and excise taxes, competition from other sources of energy and the availability of pipeline capacity. The volatile nature of the energy markets and the unpredictability of actions of OPEC members make it impossible to predict future prices of oil and natural gas with any certainty. Prices of oil and natural gas are subject to wide fluctuations in response to relatively minor changes in circumstances, and there can be no assurance that future prolonged decreases in such prices will not occur. All of these factors are beyond the control of any of the funds or their general partners. Any significant decline in oil and natural gas prices would have a material adverse effect on each fund's results of operations and financial condition, the book value of the each fund's oil and natural gas properties and interests and each fund's ability to pay its liabilities.

***Oil and natural gas prices can fluctuate drastically.*** For example, the price of oil (as determined by NYMEX) went from \$145.29 a barrel on July 4, 2008 to \$42.40 a barrel on December 9, 2008. The price of natural gas (as determined by NYMEX) experienced similar fluctuation during that time period, going from \$14.52 per million British thermal units ("MMBtu") on July 3, 2008 to \$5.616 MMBtu on December 9, 2008. There can be no guarantee of the stability of oil and natural gas prices going forward and this reduces the predictability of a fund's investment strategy. Although each fund may enter into hedging arrangements from time to time to reduce its exposure to price risks in the sale of its oil and natural gas, substantially all of each fund's production will remain subject to oil and natural gas price fluctuations. See "—Risk of Hedging Activities."

***Risk of Hedging Activities.*** To manage its exposure to price risks in the marketing of its oil and natural gas, each fund may from time to time enter into financial or physical hedging or derivative contracts, including futures contracts, price swaps, options and other derivative instruments (collectively, "Price Hedges"). The fund's use of Price Hedges to reduce its sensitivity to oil and natural gas price volatility is subject to a number of risks. If any fund's reserves are not produced at the rates estimated by the fund due to inaccuracies in the reserve estimation process, operational difficulties or regulatory limitations, or otherwise, the fund would be required to satisfy its obligations under potentially unfavorable terms. If any fund enters into financial instrument

contracts for the purpose of hedging prices and the estimated production volumes are less than the amount covered by these contracts, the fund would be required to mark-to-market these contracts and recognize any and all losses within the determination period. Further, under financial instrument contracts each fund may be at risk for basis differential, which is the difference in the quoted financial price for contract settlement and the actual physical point of delivery price. Substantial variations between the assumptions and estimates used by any fund in its hedging activities and actual results experienced could materially adversely affect the fund's financial condition and its ability to manage risk associated with fluctuations in oil and natural gas prices. Furthermore, the fixed price sales and hedging contracts limit the benefits the funds will realize if actual prices rise above the contract prices.

***Subjective Reserve Assumptions.*** The value of each fund's assets and, consequently, the Interests, will depend upon, among other things, the reserves attributable to those assets. The calculations of reserves and estimating reserves is inherently uncertain. In addition, the estimates of future net revenues are based upon various assumptions regarding future production levels, prices and costs that may prove to be incorrect over time.

The accuracy of any reserve estimate is a function of the quality of available data, engineering interpretation and judgment, and the assumptions used regarding the quantities of recoverable oil and natural gas and the future prices of oil and natural gas. Geologists and petroleum engineers consider many factors and make many assumptions in estimating reserves. Those factors and assumptions include, but are not limited to, the following: historical production from the area compared with production rates from similarly situated producing areas; the affects of governmental regulation; assumptions about future commodity prices, production and taxes; the availability of enhanced recovery techniques; and relationships with landowners, working interest partners, pipeline companies and others.

Changes in any of these factors and assumptions could materially alter reserve and future net revenue estimates. Ultimately, actual production, revenues and expenditures attributable to a fund's properties and interests will vary from reserve estimates and those variations could be material and have a material adverse effect on a fund. One factor that is a benefit to a fund's reserve estimates is that, during the evaluation process, no financial value is given to non-developed, non-producing reserves.

The funds, generally, do not seek independent third party appraisals of the reserves underlying their respective properties and interests.

***Dependence on Distribution and Processing Systems.*** The production and marketing of the hydrocarbons underlying a fund's properties and interests will depend upon the availability and capacity of oil and natural gas gathering systems, pipelines and processing and storage facilities that are not owned by the fund. The unavailability or lack of capacity thereof could result in the shut-in of producing wells or the delay or

discontinuance of development plans for properties. Moreover, a substantial portion of a fund's properties may rely on the same gathering systems, transportation line, processing plants and storage facilities. In addition, federal and state regulation of oil and natural gas production and transportation, general economic conditions and changes in supply and demand could adversely affect a fund's ability to produce and market its oil and natural gas on a profitable basis. Any significant change in a fund's ability to produce and market its oil and natural gas production could have a material adverse effect on that fund's financial condition and results of operations.

***Drilling Risks.*** Oil and natural gas drilling involves numerous risks, including the risk that no commercially productive oil or natural gas reservoirs will be encountered. The timing and cost of drilling, completing and operating wells is often uncertain, and drilling operations may be curtailed, delayed or canceled as a result of a variety of factors, including unexpected drilling conditions, pressure or irregularities in formations, equipment failures or accidents, adverse weather conditions, compliance with governmental requirements and shortages or delays in the availability of drilling rigs and the delivery of equipment. Oil and natural gas drilling remains a speculative activity.

Unsuccessful drilling activities could have a material adverse effect on a fund's results of operations and financial condition. There can be no assurance that the operators of the properties underlying a fund's investments will achieve a satisfactory overall drilling success rate or a satisfactory drilling success rate within a particular time period or project area. Various operators may choose not to acquire option and lease rights prior to acquiring seismic data and, in many cases, such operators may identify a prospect or drilling location before seeking option or lease rights in the prospect or location. There can be no assurance that identified prospects will ever be leased or drilled (or drilled within the scheduled or budgeted time frame) or that oil or natural gas will be produced from any such prospects or any other prospects. In addition, prospects may initially be identified through a number of methods, some of which do not include interpretation of 3-D or other seismic data. Actual drilling and results are likely to vary from such statistical results, and such variance may be material. Similarly, drilling schedules for the properties underlying a fund's investments may vary from initial capital budget because of future uncertainties, including those described above.

***The Fund's Assets will be Depleting Assets.*** The net oil and gas production proceeds payable to the funds are derived from the sale of depleting assets. The reduction in proved reserve quantities is a common measure of depletion. Development projects, which are generally determined solely by the operator of the assets (which are not under the control of a fund, the general partners, or their respective affiliates or agents), will affect the quantity of additional proved reserves and can offset the reduction in proved reserves. If operators do not implement additional maintenance and development projects, the future rate of production decline of proved reserves may be higher than the rate currently expected by a fund and general partners.

***Shortages of Drilling Rigs, Equipment, Supplies, and Personnel.*** In the past, there have been periods where general shortages of drilling rigs, equipment, and supplies have occurred. Shortages of drilling rigs, equipment, or supplies could delay and adversely affect exploration and development efforts of the operators of a fund's properties, which could have a material adverse effect on a fund's business, financial condition, and results of operations. The demand for, and wage rates of, qualified rig crews in the drilling industry tend to fluctuate in response to the number of active drilling rigs in service. The oil and natural gas industry may in the future experience shortages of qualified personnel to operate drilling rigs, which could delay drilling operations on a fund's properties and adversely affect a fund's business, financial condition, and results of operations.

***Risks Associated with Potential Acquisitions of Producing Properties.*** In connection with a fund's assessment of a potential acquisition, a fund would perform a review of the subject properties that it believes to be generally consistent with industry practices, including examination of contingencies associated with the properties. Such a review, however, would not reveal all existing or potential problems nor would it permit a buyer to become sufficiently familiar with the properties to fully assess the deficiencies and capabilities of such properties. Inspections may not always be performed on every well, and structural and environmental problems are not necessarily observable even when an inspection is undertaken. Even when problems are identified, the seller may be unwilling or unable to provide effective contractual protection against all or part of such problems. There can be no assurance that a fund would be able to identify acquisition opportunities or successfully consummate such acquisitions. Furthermore, there can be no assurance that competition for acquisition opportunities would not escalate, thereby increasing the cost to a fund of making acquisitions or causing a fund to refrain from making acquisitions. In addition, there can be no assurance that any acquisition of property interests by a fund would be successful and, if unsuccessful, that such failure would not have a material adverse effect on a fund's future results of operations and financial condition.

***Operational Hazards and Uninsured Risks.*** Development activities involve numerous risks, including the risk that no commercially productive natural gas or oil reserves will be found. In addition, these activities may be unsuccessful for many reasons, including weather, cost overruns, equipment shortages and mechanical difficulties. Moreover, the successful drilling of a natural gas or oil well does not ensure we will realize a profit on our investment. A variety of factors, both geological and market-related, can cause a well to become uneconomical or only marginally economical. In addition to their costs, unsuccessful wells can hurt our efforts to replace production and reserves.

The natural gas and oil business involves a variety of operating risks, including:

- fires;
- explosions;
- blow-outs and surface cratering;

- uncontrollable flows of natural gas, oil and formation water;
- natural disasters, such as adverse weather conditions;
- pipe, cement, well or pipeline failures;
- casing collapses;
- mechanical difficulties, such as lost or stuck oil field drilling and service tools;
- abnormally pressured formations; and
- environmental hazards, such as natural gas leaks, oil spills, pipeline ruptures and discharges of toxic gases and liquids.

***Competition in the Oil and Natural Gas Industry.*** The funds will encounter competition from other oil and natural gas companies in all areas of its operations. Securing leases will depend heavily on developing and maintaining favorable relationships with sellers and operators. Competitors will include major integrated oil and natural gas companies and independent oil and natural gas companies, individuals and drilling and income programs. Most competitors are large, well-established companies with substantially larger operating staffs and significantly greater capital resources than those of a fund and which, in most instances, have been engaged in the oil and natural gas business for a much longer time than a fund. Such companies may be able to pay more for oil and natural gas properties and may be able to define, evaluate, bid for and purchase a greater number of properties than could the funds, given their financial and human resources. There can be no assurance that a fund will be able to evaluate and select suitable properties and consummate transactions in this highly competitive environment.

***Regulatory and Environmental Risks.*** Oil and natural gas operations are subject to regulation by various federal, state and local governmental agencies. For example, agencies have imposed price controls and limitations on production in order to conserve supplies of oil and natural gas. In addition, agencies regulate the production, handling, storage, transportation and disposal of oil and natural gas, byproducts thereof and other substances and materials produced or used in connection with oil and natural gas operations. These regulatory requirements may be changed from time to time in response to economic or political conditions, and the oil and gas business in particular has been the subject of increased regulatory focus that has led, and may lead, to more stringent regulation.

Environmental laws and regulations, including the Comprehensive Environmental Response, Compensation and Liability Act, the Resource Conservation and Recovery Act, the Clean Water Act, the Oil Pollution Act, and the Safe Drinking Water Act, subject operators of a fund's properties to increased operating costs and potential liability associated with the use of hazardous materials and disposal of hazardous materials and other pollutants. Moreover, such laws and regulations will likely become increasingly stringent in the future, which could lead to material costs for environmental compliance and remediation. For example, under the Resource Conservation and Recovery Act, drilling fluids, produced waters and other wastes associated with the exploration,

development or production of oil and natural gas are exempt from regulation as “hazardous waste.” From time to time, however, legislation has been proposed to eliminate or modify this exemption. Should the exemption be modified or eliminated, wastes associated with oil and natural gas exploration and production would be subject to more stringent regulation and result in higher expenses.

## **Fund Risks**

***Lack of Operating History.*** The funds have a limited operating history for prospective investors to evaluate prior to making an investment in a particular fund.

***No Assurance of Success.*** There can be no assurance that a fund will achieve its investment objectives, and no one has been authorized by a fund or the general partners or any of their respective affiliates to make any representation to the contrary. An investment in a fund is suitable only for investors who are capable of identifying, evaluating and bearing the relevant risks.

***Limited Diversification.*** The funds will invest substantially all of their assets in oil and natural gas properties. Consequently, a fund’s investments will not be diversified to any material extent. This limited diversification could expose a fund to losses disproportionate to market movements in general.

***Dependence on Key Personnel.*** The funds and the general partners are dependent upon the efforts and skills certain key personnel. The loss of any of these key personnel could have a material adverse effect on a fund. Further, as a fund grows its asset base and scope of operations, its profitability will depend upon the general partner’s ability to attract and retain additional qualified personnel.

***Potential Conflicts of Interest.*** The general partners, and others affiliated with a fund, as the case may be, have certain conflicts of interest and additional conflicts of interest may arise in the future.

***Other Obligations of the Management of the General Partners.*** Although the members of management of the general partners will devote as much time to a fund as they believe is reasonably necessary to assist a fund in achieving its investment objectives, none of them expects to devote all or substantially all of their working time to the affairs of a fund.

***Lack of Management Control by Limited Partners and by the general partners.*** Under the funds’ agreements, the limited partners do not have the right to participate in the management, control or operation of any fund.

## **ITEM 9: DISCIPLINARY INFORMATION**

Neither the Firm, nor any of its directors, officers or principals has been involved in any investment-related criminal or civil actions in a domestic, foreign or military court.

Neither the Firm, nor any of its directors, officers or principals has been involved in any administrative proceedings before the Securities and Exchange Commission, any other federal regulatory agency, any state regulatory agency or any foreign financial regulatory authority.

Neither the Firm, nor any of its directors, officers or principals has been involved in any self-regulatory organization proceedings.



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

### **A. Registration as a Broker/Dealer or Broker/Dealer Representative**

Neither Dale, nor any of its directors, officers or principals is registered as a broker/dealer; a representative of a broker/dealer or has an application pending to register as a broker/dealer or a registered representative of a broker/dealer.

### **B. Registration as a Futures Commission Merchant, Commodity Pool Operator or a Commodity Trading Adviser**

Neither Dale, nor its representatives are registered as a FCM, CPO or a CTA.

### **C. Registration Relationships Material to This Advisory Business and Conflicts of Interest**

Neither Dale, nor its representatives have any registration relationships material to its business; or that pose a potential conflict of interest. Dale acts solely as an advisor to the Dale private funds.

### **D. Selection of Other Advisers of Managers and How This Adviser is Compensated for Those Selections**

The Firm does not recommend or select other investment advisers for its clients.

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

### **A. Code of Ethics**

Dale has adopted a Code of Ethics in accordance with the Securities and Exchange Commission requirements. The Code of Ethics works to ensure that our employees' securities transactions are consistent with the Firm's fiduciary duty to our clients and to ensure compliance with legal requirements and the Firm's business conduct standards. It focuses on specific areas where employee conduct has the potential to affect clients' or investors' interests adversely. The Firm's Code of Ethics requires employees to submit quarterly brokerage statements and transaction reports, and annual reports that set forth all of their current holdings. Certain employee trades must be reviewed and approved by the CCO or designee. The Firm provides a copy of its Code of Ethics to any client or any investor in its funds who request one.

### **B. Recommendations Involving Material Financial Interests**

Employees of the Firm do not recommend to clients, nor do they buy or sell for client accounts, securities in which they have a material financial interest.

### **C. Investing in the Same Securities as Clients**

The Firm has a variety of procedures in place to ensure that it addresses any potential conflicts that may arise between its employees and its clients. Employees and entities affiliated with the Firm are not allowed to trade in any securities that are on the Firm's restricted list. If employees wish to invest in an initial public offering or a private placement, the Firm's CCO must approve the investment first.

The CCO may rescind his approval of a proposed transaction under certain circumstances, such as a portfolio manager's decision to effect transactions for any of its clients in the relevant or a related security. Further, the CCO may require an employee to cancel pending orders or freeze or reverse certain transactions if he believes that a transaction may violate the law or the Firm's policies.

#### **D. Trading the Same Securities as Clients' Securities**

Employees of the Firm do not recommend to clients, nor do they buy or sell for client accounts, securities in which they have a material financial interest.

## **ITEM 12: BROKERAGE PRACTICES**

### **A. Factors Used to Select Custodians and/or Broker/Dealers**

The Firm does not recommend or select broker/dealers to its investors. Custodians of the Dale funds will be determined by the General Partner of each fund. The Firm does not receive any additional products or services based on the business activities of the Firm.

### **B. Aggregation of Securities for Multiple Client Accounts**

The Firm's only clients are investors into the various Dale funds. Therefore, the Firm is not involved in trading securities or the placement orders on behalf of any its investors.

## **ITEM 13: REVIEW OF ACCOUNTS**

### **A. Review of Client Accounts**

The Firm does not maintain client accounts. Therefore, no review will take place.

### **B. Factors that Will Trigger Non-Periodic Reviews**

The Firm does not maintain client accounts. Therefore, no review will take place.

### **C. Reports Provided to Clients**

Investors in the Dale funds will receive reports as determined by the General Partner of each respective fund. Types and frequency of the reports provided will be stated in the various funds offering documents.

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

### **A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients**

The Firm does not utilize any third party services for the purpose of providing investment advice or otherwise.

### **B. Compensation for Client Referrals**

The Firm does not utilize or compensate any person for client referrals.

## ITEM 15: CUSTODY

While it is the Firm's practice not to accept or maintain physical possession of any of its clients' assets, the Firm is deemed to have custody of its clients' assets under Rule 206(4)-2 of the Investment Advisers Act of 1940, as amended, because we have the authority to access clients' funds and deduct fees and expenses from clients' accounts.

### **Dale Funds**

In order to comply with Rule 206(4)-2, we utilize the services of a bank or qualified custodian (as defined under Rule 206(4)-2) to hold all assets of our Dale clients. Dale also ensures that the qualified custodian maintains these funds in accounts that contain only clients' funds and securities. In accordance with Rule 206(4)-2, the Firm also (1) engages an outside auditor to audit each of our Dale funds at the end of each fiscal year and (2) distributes the results of the audit in audited financial statements that are prepared in accordance with generally accepted accounting principles to all investors in our Dale funds within 120 days after the end of the fiscal year. Dale also sends quarterly reports to the investors in its funds.

## **ITEM 16: INVESTMENT DISCRETION**

Assets invested into the Dale funds on behalf of its investors are managed on a discretionary basis by the General Partner of each fund.



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

The Firm does not invest in equity securities take any action or render any advice with respect to the voting of proxies solicited by, or with respect to, the issuers of any securities held in the client accounts.

## **ITEM 18: FINANCIAL INFORMATION**

### **A. Balance Sheet**

Dale does not require nor solicit prepayment of investment advisory fees which would result in custody issues. Therefore, the Adviser is not required to include a balance sheet with this brochure.

### **B. Financial Conditions**

Neither Dale, nor its management have any financial conditions that are likely to reasonably impair the Firm's ability to meet contractual commitments to clients.

### **C. Bankruptcy Petitions**

Dale has not been the subject of a bankruptcy petition in the last 10 years.