

**Part 2A of Form ADV: *Firm Brochure***

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This brochure provides information about the qualifications and business practices of Salient Advisors, L.P. If you have any questions about the contents of this brochure, please contact us at 713-993-4675 or [pbachtold@salientpartners.com](mailto:pbachtold@salientpartners.com).

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.

Salient Advisors, L.P. is a Registered Investment Adviser. Registration of an Investment Adviser does not imply any level of skill or training.

Additional information about Salient Advisors, L.P. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 122833.

## **Item 2    Material Changes**

The following is a summary of material changes to Part 2A of Form ADV since the last annual amendment filed with the SEC on 03/26/2014. This section only reflects material changes since the last annual amendment of the Brochure.

We will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

### ***Summary of Material Changes:***

- Item 4 "Advisory Business" includes new pooled investment vehicles, the Salient Alternative Beta Institutional Fund, L.P., the Salient Trend Institutional V20 Fund, L.P., the Salient Trend Institutional V10 Fund, L.P. and the Salient Broadmark Tactical Plus Fund. (Revised 12/11/2014)
- Item 5 "Fees and Compensation" includes fees for the Salient Alternative Beta Institutional Fund, L.P., the Salient Trend Institutional V20 Fund, L.P., the Salient Trend Institutional V10 Fund, L.P. and the Salient Broadmark Tactical Plus Fund. (Revised 12/11/2014)
- Item 8 "Methods of Analysis, Investment Strategies and Risk of Loss" includes information for the Salient Alternative Beta Institutional Fund, L.P., the Salient Trend Institutional V20 Fund, L.P., the Salient Trend Institutional V10 Fund, L.P. and the Salient Broadmark Tactical Plus Fund. (Revised 12/11/2014)
- Item 10 "Other Financial Industry Activities and Affiliations" was revised to add affiliated pooled investment vehicles. (Revised 12/11/2014 and 03/18/2015)
- Item 10 "Other Financial Industry Activities and Affiliations" was revised to reflect the withdrawal of Salient Liquid Alts GP, LLC as a CPO. (Revised 03/18/2015)
- Item 12 "Brokerage Practices" was revised to disclose the Adviser's block trading policy and procedures. (Revised 03/31/2014)

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## Item 4    Advisory Business

Salient Advisors, L.P. is an SEC-registered investment adviser with its principal place of business located in Texas. Salient Advisors, L.P. began conducting business in 2002.

The Adviser is also registered as a Commodity Trading Advisor (“CTA”) and Commodity Pool Operator (“CPO”) with the Commodity Futures Trading Commission (the “CFTC”) and is a member of the National Futures Association (the “NFA”).

Listed below are the firm's principal owners (i.e., those individuals and/or entities controlling 25% or more of this company).

- Salient Partners, L.P., Limited Partner

The Adviser has an Investment Committee which oversees its operations and investment advisory services. The Committee is comprised of Rob Croce, Bill Enszer, Rusty Guinn, Andrew B. Linbeck, Ajay Mehra, Lee G. Partridge, Jeremy L. Radcliffe, Gregory A. Reid and James Sivco.

These individuals, and other affiliated persons of the Adviser, are also owners, officers, and/or employees of Salient Partners, L.P. Research, analysis, and allocation of investment opportunities will be shared by the Adviser and affiliates of Salient Partners, L.P.

Salient Advisors, L.P. offers the following advisory services to our clients:

Salient Advisors, L.P. (the “Adviser”) provides investment advisory services to Investment Funds which include the Salient Alternative Strategies Fund Complex (the “SAS Complex”), The Yield Fund Complex (“The Yield Fund”), the Salient Partners EV Fund LP (the “EV Fund”), the Salient Risk Parity Fund V15, L.P. and the Salient Risk Parity Fund V12, L.P. (the “Salient Risk Parity Funds V15 and V12”), the Salient Alternative Beta Institutional Fund, L.P. (the “Salient Alternative Beta Institutional Fund”), the Salient Trend Institutional V20 Fund, L.P. and the Salient Trend Institutional V10 Fund, L.P. (the “Salient Trend Institutional Funds V20 and V10”), the Salient Risk Parity Fund (the “Salient Risk Parity Fund”), the Salient Alternative Beta Fund (the “Salient Alternative Beta Fund”), the Salient Trend Fund (the “Salient Trend Fund”), the Salient Global Equity Fund (the “Salient Global Equity Fund”) and the Salient Broadmark Tactical Plus Fund (the “Salient Broadmark Tactical Plus Fund”).

The SAS Complex, which is organized in a “master-feeder” structure, is comprised of the Salient Alternative Strategies Master Fund (the “SAS Master Fund”) and its two feeder funds, which include the Salient Alternative Strategies I Fund (the “SAS I Fund”) and the Salient Alternative Strategies Fund, L.P. (the “SAS LP Fund”).

The SAS Master Fund and the SAS I Fund are each Delaware statutory trusts registered under the Investment Company Act of 1940 as non-diversified, closed-end management investment companies. The SAS LP Fund, a Delaware limited partnership (which is not currently open to new investors or investments), is not registered under the Investment Company Act of 1940 in reliance on the Section 3(c)(7) exemption under the 1940 Act.

Additionally, shareholder investment interests in the SAS I Fund are registered under the Securities Act of 1933 and are offered publically by prospectus and SAI. Investment interests in the SAS Master Fund and the SAS LP Fund are not registered under the Securities Act of 1933 in reliance on Section 4(2) and Regulation D thereunder. It should also be noted that investment interests in the SAS Master Fund are only being offered by private placement to the SAS I Fund, and investment interests in the SAS LP Fund are no longer offered for sale. All of the feeder funds invest substantially all of their assets into the SAS Master Fund. The Adviser also provides investor servicing to the SAS Complex.

The investment advisory services provided to the SAS Complex are governed by two investment management agreements entered into by the Adviser and the SAS Master Fund and SAS I Fund. One investor servicing agreement is in place between the Adviser and the SAS I Fund. Given the fact that the Adviser is general partner of the SAS LP Fund, there is no formal advisory agreement or term with respect to this fund.

The Yield Fund refers to four Delaware limited partnerships that include The Yield Fund, L.P. and The Yield (Exempt) Fund, L.P. (collectively “The Yield Feeder Funds”) that invest, directly or indirectly, all or substantially all of their respective assets through a “master-feeder” structure into The Yield Master Fund I, L.P. and The Yield Master Fund II, L.P. (collectively “The Yield Master Funds”).

The Yield Fund is not registered under the Investment Company Act of 1940 in reliance on the Section 3(c)(1) exemption under the 1940 Act. Furthermore, investment interests are not registered under the Securities Act of 1933 in reliance on Section 4(2) and Regulation D thereunder. The investment advisory services provided to The Yield Fund are governed by an investment management agreement with The Yield Feeder Funds and The Yield Master Funds. The Adviser has entered into an agreement with Covenant Multifamily Offices, LLC, an unrelated firm, to assist the Adviser in the management of The Yield Fund as a sub-advisor.

The Salient Partners EV Fund LP, a Texas limited partnership, is not registered under the Investment Company Act of 1940 in reliance on the Section 3(c)(7) exemption under the 1940 Act. Furthermore, investment interests are not registered under the Securities Act of 1933 in reliance on Section 4(2) and Regulation D thereunder. The investment advisory services provided to the EV Fund are governed by an investment management agreement between the EV Fund, Salient Advisors, L.P. and the Fund’s General Partner, Salient Partners EV Fund GP LP.

The Salient Risk Parity Fund V15, L.P., the Salient Risk Parity Fund V12, L.P., the Salient Alternative Beta Institutional Fund, L.P., the Salient Trend Institutional V20 Fund, L.P. and the Salient Trend Institutional V10 Fund, L.P., Delaware limited partnerships, are commodity pools. Investment interests are not registered under the Securities Act of 1933 in reliance on Section 4(2) and Regulation D thereunder. The investment advisory services provided to the Salient Risk Parity Funds V15 and V12 are governed by two trading advisory agreements between each Fund and the Adviser. The investment advisory services provided to the Salient Alternative Beta Institutional Fund are governed by a trading advisory agreement between the Fund and the Adviser. The investment advisory services provided to the Salient Trend Institutional Funds V20 and V10 are governed by two trading advisory agreements

between each Fund and the Adviser. The Adviser is registered as a CPO and CTA with the CFTC and is a member of the NFA.

The Salient Risk Parity Fund, the Salient Alternative Beta Fund, the Salient Trend Fund, the Salient Global Equity Fund and the Salient Broadmark Tactical Plus Fund are each a series of Salient MF Trust, a Delaware statutory trust and an open-end management investment company registered under the Investment Company Act of 1940, as amended and the Securities Act of 1933, as amended. The investment advisory services provided to the Funds are governed by an investment management agreement between each Fund and Salient Advisors, L.P.

With respect to the SAS Complex, the Funds' objective is to seek to generate returns that are marked by relatively moderate volatility as measured by annualized standard deviation and relatively low correlation to equity and other risk markets. The strategy is to invest assets across a variety of Investment Funds and individual securities, swaps and/or derivatives with the goal of generating returns that have lower volatility than equity markets and relatively low correlation to equity markets. The Funds' investment objective, investment strategy and other important disclosure information is contained in the Funds' prospectus, SAI and/or offering documents.

The Yield Fund is designed to take advantage of dislocations in the retail and commercial credit markets by investing principally in debt instruments issued by a variety of corporate, real estate, government and other issuers.

The EV Fund invests in the EnerVest Energy Institutional Fund XII-A, L.P. and EnerVest Energy Institutional Fund XII-B, L.P.

The assets of the Salient Risk Parity Fund V15, L.P. are invested in a broadly diversified, global portfolio in which investment risk is evenly weighted across direct and indirect exposure to equities, commodities, credit and interest rates through an investment strategy commonly referred to as "risk parity". Salient Risk Parity Fund V12, L.P. invests approximately eighty percent (80%) of its assets to Salient Risk Parity Fund V15, L.P. The remainder of the Fund's assets are generally invested in cash, cash-equivalents and other fixed income instruments.

The Salient Alternative Beta Institutional Fund invests both long and short, primarily in futures and forward contracts, but may also invest in other financial instruments, which may include securities as well as derivatives, in order to gain exposure to a variety of non-traditional risk premia identified by the Adviser.

The Salient Trend Institutional V20 Fund, L.P. invests both long and short, primarily in futures contracts and other financially-linked derivatives and instruments in order to gain exposure to momentum, which is defined as the continuation of recent price trends, across a variety of global markets and asset classes. Salient Trend Institutional V10 Fund, L.P. invests approximately fifty percent (50%) of its assets to Salient Trend Institutional V20 Fund, L.P. The remainder of the Fund's assets are generally invested in cash, cash-equivalents and other fixed income instruments.

The Salient Risk Parity Fund invests primarily in futures contracts and other financially-linked derivatives and instruments whose performance is expected to correspond to global equity markets, global interest rates markets as reflected in the government bond markets of developed countries and global commodities markets. The Fund's investment objective, investment strategy and other important disclosure information is contained in the Fund's prospectus and SAI.

The Salient Alternative Beta Fund invests both long and short primarily in futures and forward contracts, but may also invest in other financial instruments, which may include securities as well as derivatives, in order to gain exposure to a variety of non-traditional risk premia identified by the Adviser. The Fund's investment objective, investment strategy and other important disclosure information is contained in the Fund's prospectus and SAI.

The Salient Trend Fund invests both long and short, primarily in futures contracts and other financially-linked derivatives and instruments in order to gain exposure to momentum, which is defined as the continuation of recent price trends, across a variety of global markets and asset classes. The Fund's investment objective, investment strategy and other important disclosure information is contained in the Fund's prospectus and SAI.

The Salient Global Equity Fund invests primarily in exchange-traded global equities, and from time to time it may utilize various futures contracts and other financially-linked derivatives and instruments in order to reduce or increase certain exposures. The Fund's investment objective, investment strategy and other important disclosure information is contained in the Fund's prospectus and SAI.

The Salient Broadmark Tactical Plus Fund invests primarily in a diversified portfolio of instruments that provide exposure to U.S. and non-U.S. equity securities. These instruments generally include futures and options on securities, securities indices and shares of exchange-traded funds ("ETFs"). The Fund may also invest in equity securities (such as common stocks, preferred stocks and shares of investment companies, including ETFs) of U.S. and non-U.S. issuers, which may include emerging market issuers, in any industry sector and in all market capitalization ranges, including small capitalization stocks, without limitation. The Adviser has entered into an agreement with Broadmark Asset Management LLC, an unrelated firm, to assist the Adviser in the management of the Salient Broadmark Tactical Plus Fund as a sub-advisor. The Fund's investment objective, investment strategy and other important disclosure information is contained in the Fund's prospectus and SAI.

Salient Advisors, L.P. has no other clients, and the investment services that Salient provides are limited to the management of the assets of the SAS Complex, The Yield Fund, the EV Fund, the Salient Risk Parity Funds V15 and V12, the Salient Alternative Beta Institutional Fund, the Salient Trend Institutional Funds V20 and V10, the Salient Risk Parity Fund, the Salient Alternative Beta Fund, the Salient Trend Fund, the Salient Global Equity Fund and the Salient Broadmark Tactical Plus Fund (i.e., Salient Advisors, L.P. does not provide any investment advice directly to individual investors in the Funds).

***Publication of periodicals or newsletters:***

We also issue research reports and develop other products derived from market research. Our market research reports and other products differ from traditional investment research because they focus on macroeconomic conditions, business trends in particular industries

and industry conditions, rather than on statistical analysis or financial valuation or earnings models of individual issuers. We use our research reports in connection with providing investment advice to the funds we manage. We also use our research reports in communications to fund investors and potential investors.

***Amount of Managed Assets:***

As of 01/31/2015, the Adviser was actively managing \$868,531,842 of clients' assets on a discretionary basis.

## **Item 5 Fees and Compensation**

Salient Advisors, L.P. is compensated for providing investment advisory services to the SAS Complex, The Yield Fund, the EV Fund, the Salient Risk Parity Funds V15 and V12, the Salient Alternative Beta Institutional Fund, the Salient Trend Institutional Funds V20 and V10, the Salient Risk Parity Fund, the Salient Alternative Beta Fund, the Salient Trend Fund, the Salient Global Equity Fund and the Salient Broadmark Tactical Plus Fund in the form of management fees. In addition, the SAS I Fund compensates the Adviser for providing certain investor services, in the form of investor servicing fees.

The management fees for the SAS I Fund, as specified in the Fund's prospectus and SAI, are paid quarterly in arrears, and are equal to 0.75% on an annualized basis of the SAS Master Fund's average net assets as of each month end. The Adviser is also paid a servicing fee in consideration for its role as a servicing agent providing investor services and administrative assistance to the SAS I Fund. For the SAS I Fund, the Servicing Fee equals 0.25% (on an annualized basis) of the Fund's average month-end net assets, payable quarterly in arrears. The Adviser, as servicing agent, may engage one or more sub-servicing agents for the SAS I Fund to provide some or all of the services. Compensation to any sub-servicing agent is paid by the Adviser as servicing agent. The Adviser or its affiliates also may pay a fee out of their own resources to sub-servicing agents. Although the servicing fee is paid for the provision of ongoing investor and administrative services, and is intended primarily for such services, to any extent that such fees could be considered to support the distribution of the SAS I Fund, investors would be paying for distribution of such Fund's shares out of such Fund's assets. To any extent that the servicing fee could be considered to support distribution of the Fund, the Adviser would not have to pay such expenses from its own resources, which is an incentive to maintain such fees and considered a conflict of interest. The Prospectus of the SAS I Fund contains important additional disclosures in this regard.

The management fees for the SAS LP Fund, as specified in the Funds' offering document, are paid monthly in arrears, and are equal to the following annualized percentages of the "Net Investment Capital" of each Limited Partner's capital account:

Capital Accounts with Net investment Capital of	
\$2.5 Million or less .....	1.5%;
Capital Accounts with Net investment Capital greater than	
\$2.5 Million but less than \$10 Million.....	1.25%; and
Capital Accounts with Net investment Capital of	
\$10 Million or more .....	1.0%



“Net Investment Capital” means the amount of a Limited Partner’s initial capital contribution, plus the amount of any subsequent capital contributions, minus the amount of any redemption(s). Interests in the SAS LP Fund are no longer offered for sale, and it is closed to new investors.

As specified in the Funds’ offering document, The Yield Fund will pay the Adviser a fixed management fee calculated monthly in arrears and payable at the end of each calendar month, at a rate equal to 1.0% per annum of the net asset value of the capital account of each Limited Partner.

Salient Advisors, L.P. is deemed to be a fiduciary to certain pooled investment vehicle advisory clients in which employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act (“ERISA”), hold greater than 25% of any class of equity security. As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, in respect of such pooled investment vehicles for which we have ERISA fiduciary status, Salient Advisors, L.P. may only charge fees for investment advice about products for which our firm and/or our affiliated persons do not receive any commissions or 12b-1 fees, or conversely, investment advice about products for which our firm and/or our affiliated persons receive commissions or 12b-1 fees, however, only when such fees are used to offset Salient Advisors, L.P.’s advisory fees.

The management fee for the EV Fund, as specified in the Fund’s offering document, is equal to:

- (i) 1.00% of the aggregate unreturned Capital Contributions of the Limited Partners with Commitments of \$250,000 to \$1,999,999;
- (ii) 0.75% of the aggregate unreturned Capital Contributions of the Limited Partners with Commitments of \$2,000,000 to \$3,999,999; and
- (iii) 0.50% of the aggregate unreturned Capital Contributions of the Limited Partners with Commitments of \$4,000,000 or greater, and are paid by the Limited Partners on a pro rata basis.

The fee is paid quarterly in advance.

Distributions of net proceeds attributable to the EV Fund’s interest in the EnerVest Fund will be allocated in the first instance to the General Partner and the Limited Partners pro rata in proportion to their Capital Contributions made to the Fund. Each Limited Partner’s pro rata share of net proceeds attributable to the Fund’s interest in the EnerVest Fund will then be distributed to such Limited Partner and the General Partner in the following amounts and order of priority:

(a) First, 100% to the Limited Partner until the Limited Partner has received distributions equal to such Limited Partner’s aggregate Capital Contributions to the Fund and the amount of Partnership Management Fees paid by such Limited Partner.

(b) Second, 100% to the Limited Partner to provide a 9% annual compounded rate of return on the amount distributed under clause (a).

(c) Third, 100% to the General Partner until such time as the General Partner has received in the aggregate:

(i) 5% of the total amounts distributed pursuant to clause (b) and this clause (c) to the Limited Partners with Commitments of \$250,000 to \$1,999,999;

(ii) 4% of the total amounts distributed pursuant to clause (b) and this clause (c) to the Limited Partners with Commitments of \$2,000,000 to \$3,999,999; and

(iii) 3% of the total amounts distributed pursuant to clause (b) and this clause (c) to the Limited Partners with Commitments of \$4,000,000 or greater.

(d) Thereafter:

- (i) (A) 95% to each Limited Partner with Commitments of \$250,000 to \$1,999,999 and (B) 5% to the General Partner;
- (ii) (A) 96% to each Limited Partner with Commitments of \$2,000,000 to \$3,999,999 and (B) 4% to the General Partner; and
- (iii) 97% to each Limited Partner with Commitments of \$4,000,000 or greater and (B) 3% to the General Partner.

The distributions payable to the General Partner pursuant to clause (c) and (d) above are referred to as the “*Carried Interest*.”

As specified in the Funds’ offering documents, the Salient Risk Parity Funds V15 and V12 pay their General Partner, or its designee, tiered monthly management fees, in arrears, in an amount equal to the percentages shown below of the net asset value of each Capital Account as of the end of each calendar month.

Salient Risk Parity Fund V15, L.P.:

Account Level	Management Fee
<\$5MM	0.125% (approximately 1.50% annually)
\$5MM-\$10MM	0.104% (approximately 1.25% annually)
>\$10MM	0.083% (approximately 1.00% annually)

Salient Risk Parity Fund V12, L.P.:

Account Level	Management Fee
<\$5MM	0.100% (approximately 1.20% annually)
\$5MM-\$10MM	0.083% (approximately 1.00% annually)
>\$10MM	0.067% (approximately 0.80% annually)

As specified in the Fund’s offering documents, the Salient Alternative Beta Institutional Fund pays its General Partner, or its designee, a tiered monthly management fee, in arrears, in an amount equal to the percentages shown below of the net asset value of each Capital Account as of the end of each calendar month.

Account Level	Management Fee
<\$10MM	0.125% (approximately 1.50% annually)

\$10MM-\$50MM	0.104% (approximately 1.25% annually)
>\$50MM	0.083% (approximately 1.00% annually)

As specified in the Funds' offering documents, the Limited Partners of the Salient Trend Institutional Funds V20 and V10 have the choice of two fee structure options:

Salient Trend Institutional V20 Fund, L.P.:

(1) "The Incentive Fee Option" pursuant to which the Fund ordinarily pays to the Adviser, or its designee, a monthly management fee (the "Management Fee"), in arrears, in an amount equal to 1/12th of 0.50% of the NAV of the relevant Capital Account as of the end of each calendar month (approximately 0.50% annually) in addition to the Incentive Allocation described below.

(2) "The Flat Fee Option" pursuant to which the Fund ordinarily pays to the Adviser, or its designee, a Management Fee, in arrears, in an amount equal to 1/12th of 1.00% of the NAV of the relevant Capital Account as of the end of each calendar month (approximately 1.00% annually).

Salient Trend Institutional V10 Fund, L.P.:

(1) "The Incentive Fee Option" pursuant to which the Fund ordinarily pays to the Adviser, or its designee, a monthly management fee (the "Management Fee"), in arrears, in an amount equal to 1/12th of 0.25% of the NAV of the relevant Capital Account as of the end of each calendar month (approximately 0.25% annually) in addition to the Incentive Allocation described below.

(2) "The Flat Fee Option" pursuant to which the Fund ordinarily pays to the Adviser, or its designee, a Management Fee, in arrears, in an amount equal to 1/12th of 0.50% of the NAV of the relevant Capital Account as of the end of each calendar month (approximately 0.50% annually).

In the event that a Limited Partner chooses the Incentive Fee Option as described above, as of the end of each calendar month and as of any date on which a Limited Partner receives a withdrawal or distribution from a Capital Account (an "Incentive Allocation Calculation Date"), the Fund will ordinarily debit from each Capital Account, and credit to the Capital Account of the General Partner, a special allocation of profits (the "Incentive Allocation") in an amount equal to fifteen percent (15%) of the Net New Profit in respect of such Capital Account at such time. Net New Profit is any amount by which the NAV of a Capital Account exceeds the "High Water Mark" for such Account, which is the NAV of the Account immediately after the assessment of the most recent Incentive Allocation (adjusting for the amount of any contributions to or any withdrawals or distributions from such Account since such assessment) or, if the Account has never been assessed an Incentive Allocation, the amount of the capital contribution that established such Account (adjusting for the amount of any contributions, withdrawals or distributions since it was established).

The Salient Risk Parity Fund, the Salient Alternative Beta Fund and the Salient Trend Fund pay the Adviser management fees equal to an annual rate of 0.95% of each Fund's average daily net assets. For a more detailed discussion of the Funds' fees and expenses, please refer to the Funds' prospectus and SAI.

The Salient Global Equity Fund pays the Adviser management fees equal to an annual rate of 1.25% of the Fund's average daily net assets. For a more detailed discussion of the Fund's fees and expenses, please refer to the Fund's prospectus and SAI.

The Salient Broadmark Tactical Plus Fund pays the Adviser management fees equal to an annual rate of 1.45% of the Fund's average daily net assets. For a more detailed discussion of the Fund's fees and expenses, please refer to the Fund's prospectus and SAI.

The Adviser does not have a stated minimum client investment amount, but it does not plan to accept any clients other than investment companies or unregistered investment funds. However, individual investors in the Funds are subject to a minimum investment, which in certain circumstances is subject to waiver in our discretion. With regard to the SAS Complex, the Fund's minimum initial investor investment amount is \$25,000, and the minimum additional investor investment amount is \$10,000. The minimum investment in The Yield Fund is \$1,000,000, the minimum investment in the EV Fund is \$250,000, the minimum investment in the Salient Risk Parity Funds V15 and V12 is \$500,000 and the minimum investment in the Salient Alternative Beta Institutional Fund and the Salient Trend Institutional Funds V20 and V10 is \$10,000,000, although their respective General Partners may accept commitments in lesser amounts. With regard to the Salient Risk Parity Fund, the Salient Alternative Beta Fund, the Salient Trend Fund, the Salient Global Equity Fund and the Salient Broadmark Tactical Plus Fund, subject to certain exceptions, the minimum initial investment requirement for Class A and Class C shares of the Fund is \$2,500, and the minimum initial investment requirement for Class I shares of the Fund is \$1,000,000.

Further, we retain the discretion to negotiate the fees paid to the Adviser in respect of investors in the Funds other than the SAS I Fund, SAS Master Fund, the Salient Risk Parity Fund, the Salient Alternative Beta Fund, the Salient Trend Fund, the Salient Global Equity Fund and the Salient Broadmark Tactical Plus Fund. We will take into account the particular circumstances in determining whether to negotiate fees in respect of particular investors in such Funds. Certain groups of related investor accounts may be grouped for purposes of achieving minimum account size and determining the corresponding Fund-level fee for such funds, in respect of such investors' investments in such Funds. Discounts not generally available to such Funds or their investors may be offered to family members and friends of affiliated persons of our firm. Fees are deducted directly from client accounts, as described in the offering documents of the relevant Funds.

## GENERAL INFORMATION

***Termination of the Advisory Relationship:*** With respect to the SAS Complex, the initial term of the Agreements with the SAS Master Fund and the SAS I Fund was two (2) years, beginning with the registration of each of the Funds under the Investment Company Act. This period began February 1, 2010. At the end of the initial term, the Agreements renew on a year-to-year basis, as long as such continuance is specifically approved at least annually by the affirmative vote of: (i) a majority of the Trustees of the Funds' Board who are not parties to the Agreements or interested persons (as defined in the 1940 Act) of any party to the Agreements; and (ii) a majority of the Funds' Trustees or the holders of a majority of the outstanding voting securities of the Funds. The Agreements may nevertheless be terminated at any time without penalty, on 60 days' written notice, by the Funds' Board, by vote of holders of a majority of the outstanding voting securities of the Funds, or by the Adviser.

The Management Agreement for The Yield Fund shall continue in effect unless terminated at any time without penalty, on 60 days' written notice, by the General Partner with respect to a particular Fund, or by the Adviser.

The Agreement governing the EV Fund does not have a defined term.

The Trading Advisory Agreements for the Salient Risk Parity Funds V15 and V12, the Salient Alternative Beta Institutional Fund and the Salient Trend Institutional Funds V20 and V10 shall remain in effect until terminated by either party on thirty (30) calendar days' prior written notice.

With respect to the Salient Risk Parity Fund, the Investment Management Agreement became effective as of June 19, 2012. The Investment Management Agreements for the Salient Alternative Beta Fund, the Salient Trend Fund and the Salient Global Equity Fund became effective as of November 19, 2012. The Investment Management Agreement for the Salient Broadmark Tactical Plus Fund became effective as of July 15, 2014. After the initial term, each Investment Management Agreement continues in effect from year to year thereafter, but only so long as the continuance of such agreement is specifically approved at least annually by the affirmative vote of: (i) a majority of the Trustees who are not parties to the Investment Management Agreement or interested persons of any party to the Investment Management Agreement, or of any entity regularly furnishing investment advisory services with respect to the applicable Fund pursuant to an agreement with any party to the Investment Management Agreement, cast in person at a meeting called for the purpose of voting on such approval; and (ii) a majority of the applicable Fund's Trustees or the holders of a majority of the outstanding voting securities of the Fund. The Investment Management Agreements are terminable at any time without penalty upon 60 days' written notice by the Board, by vote of holders of a majority of the outstanding voting securities of the applicable Fund, or by the Fund's Adviser.

Upon termination of an advisory agreement, any prepaid, unearned fees will be promptly refunded. In calculating a client's reimbursement of fees, we will pro rate the reimbursement according to the number of days remaining in the billing period. Clients that are charged a performance-based fee and elect to terminate their advisory agreement will be charged a performance-based fee based on the performance of the account for the measuring period going back from the termination date and prorated from the date on which the performance-based fee was last assessed.

**Mutual Fund and Investment Fund Fees:** All fees paid to the Adviser for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders, or underlying Investment Fund fees and expenses that the Funds, as investors in such underlying Investment Funds, must bear. These fees and expenses are described in each Investment Fund's prospectus or offering document, and are also described generally in each Fund's prospectus or offering document. These fees will generally include a management fee, other fund expenses, a possible distribution fee, and/or an initial or deferred sales charge and/or servicing fees.

**Additional Fees and Expenses:** The Adviser's fees do not include the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any

transaction charges imposed by a broker dealer. Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

**Advisory Fees in General:** Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

**Limited Prepayment of Fees:** The Adviser does not require payment of fees in excess of \$1200 more than six months in advance of services rendered.

**Compensation for Services Provided by Registered Representatives of Salient Capital, L.P.** Certain affiliated persons of the Adviser are licensed as registered representatives of Salient Capital, L.P, a broker-dealer affiliated with the Adviser. See Item 10 for additional disclosure regarding such arrangements and the conflicts of interest they pose.

## **Item 6 Performance-Based Fees and Side-By-Side Management**

As disclosed in Item 5 above, the Salient Partners EV Fund makes distributions based on performance of the Fund. In addition, the Salient Trend Institutional Funds V20 and V10 charge a performance fee based on performance of the Funds.

Incentive Fee arrangements may create an incentive for the Adviser to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. It may also pose a conflict of interest in that the Adviser has an incentive to favor clients that pay an Incentive Fee over clients who only pay an asset-based fee (for example, by allocating limited investment opportunities to clients that pay Incentive Fees). The Adviser addresses this conflict by regularly reviewing allocations to ensure that they are appropriate to the needs of advised Funds.

## **Item 7 Types of Clients**

Salient Advisors, L.P. provides advisory services to registered investment companies and other pooled investment vehicles. See Item 5 for a discussion of minimum investment amounts applicable to investors in the Funds.

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

### **METHODS OF ANALYSIS**

**Salient Alternative Strategies Fund Complex:** The SAS Master Fund's assets are allocated broadly among Styles and Strategies for the allocation of capital at the time of investment. The Adviser has latitude to allocate more or less capital to a particular Style or Strategy, depending on the Adviser's belief about the opportunities afforded over a given investment time horizon. In making such asset allocation decisions, the Adviser believes a well-diversified portfolio should allocate risk equally across attractive investment opportunities, but will also consider national and international economic and geopolitical conditions, the risks incident to the Styles and Strategies, and the relative return opportunities presented by each (among

other considerations), and gauge these factors against other opportunities and the need for a broad portfolio to reduce risk (as measured by volatility).

The Adviser defines “manager risk” as the risk that an Investment Manager will not generate the returns commensurate with the mean of the Investment Manager’s peer group (i.e., same Style and Strategy) because of: (a) poor fundamental analysis and/or security selection; (b) market timing; (c) management turnover within the Investment Manager; or (d) other factors or circumstances that affected that Investment Manager’s performance specifically that were not caused by market conditions within the Investment Manager’s Style and Strategy generally. Manager risk can be reduced by, among other things, due diligence conducted on the Investment Managers and diversifying across multiple Investment Managers within the same or similar Style and Strategy.

It is the responsibility of the Adviser to research and identify investment Strategies, Styles and Investment Managers, to satisfy itself as to the suitability of the terms and conditions of the Investment Funds and to allocate or reallocate assets among direct investment and Investment Managers. The Adviser employs an approach to investing that seeks to combine in-depth research and recommendations with portfolio management, risk management, due diligence and management oversight. The Adviser allocates assets among direct investments and Investment Managers using the diverse knowledge and experience of the members of its Investment Committee to assess the investment Strategies and Styles and to determine an appropriate mix of direct investments and Investment Funds

For a more detailed discussion of the Funds’ methods of analysis and material risks, please refer to the Funds’ prospectus and SAI.

***The Yield Fund:*** The Investment Team's philosophy for The Yield Fund achieving its investment objective is to seek to construct a widely diversified portfolio across a range of asset classes, strategies, issuers, geographies and markets. The Investment Team considers market conditions and macro views when employing these strategies on behalf of The Yield Fund. The Investment Team evaluates the upside and downside risks to identify the best relative investments across markets and capital structures. Moreover, the Investment Team rotates among asset classes based on market fundamentals, including liquidity and sector dislocations, technical signals and asset values.

The Investment Team identifies investment opportunities through a proactive approach based upon their own professional experiences, relationships and other market sources. The Investment Team has regular meetings to, among other things, discuss market conditions, the investment pipeline, review investments for consideration, review due diligence results, review transaction performance and review portfolio composition.

Before proceeding with an opportunity, the Investment Team reviews the opportunity in terms of prioritization, time management, transaction process and relative value. Members of the Investment Team work collaboratively on reviewing investment opportunities to seek to provide a consistent approach and investment discipline across the entire portfolio.

Using both a bottom up and a top down approach, the Investment Team seeks to employ a strict analytical framework and thorough analysis for investment ideas. Each individual investment opportunity is analyzed both for its own merits and for inclusion in The Yield Fund's portfolio.

For a more detailed discussion of the Funds' methods of analysis and material risks, please refer to the Funds' offering documents.

**Salient Partners EV Fund LP:** The EV Fund invests in the EnerVest Energy Institutional Fund XII-A, L.P. and EnerVest Energy Institutional Fund XII-B, L.P. ("EnerVest Fund"). Prospective investments that pass an initial screening are subjected to EnerVest's thorough analysis and due diligence process. The due diligence process examines all important aspects of a prospective investment in detail, with particular attention focused on the proved reserve asset base. Due diligence is performed by EnerVest's in-house team of investment professionals, petroleum engineers, geologists and financial and land professionals, with assistance, when necessary from third-party expert consultants. EnerVest also performs a detailed financial due diligence review to ensure the validity of historical and projected financial data, utilizing consultants where appropriate, and extensive environmental due diligence, typically using third party professionals to minimize exposure to significant environmental issues. EnerVest also evaluates the ability to sell an asset to others as a pre-condition of evaluating a seller's asset package.

EnerVest's thorough analysis of the proved and probable reserve assets includes a review of (i) production rates and ultimate recoverable reserves; (ii) risk profiles of the properties including, but not limited to, an analysis of concentration, reservoir peculiarities, geologic conditions, operational risks and other related risks; (iii) historical oil and gas prices and related "basis" risk relative to geographic location and quality of the oil or gas; (iv) other potential burdens or benefits to future cash flow, including contingent liabilities; and (v) any special tax consequences of the transaction. EnerVest also analyzes the ability of the EnerVest team to add value and the potential synergies associated with other managed assets.

For a more detailed discussion of the Fund's methods of analysis and material risks, please refer to the Fund's offering documents.

**Salient Risk Parity Funds V15 and V12:** The Salient Risk Parity Fund V15, L.P. generally maintains investments in over 50 different underlying risk exposures, with no strict limit on the amount held in any one asset class, and the weights are rebalanced monthly through a quantitative framework. The strategy is implemented through a passive, rules-based system. Salient Risk Parity Fund V12, L.P. invests approximately eighty percent (80%) of its assets to Salient Risk Parity Fund V15, L.P. The remainder of the Fund's assets are generally invested in cash, cash-equivalents and other fixed income instruments.

For a more detailed discussion of the Funds' methods of analysis and material risks, please refer to the Funds' offering documents.

**Salient Alternative Beta Institutional Fund:** The Salient Alternative Beta Institutional Fund's investment process begins with analysis and systematic identification of various factors, which may include by way of example but not limitation market inefficiencies,



market participant behaviors, supply and demand imbalances, market expectations and cyclical trends that the Adviser believes provide non-traditional risk premia.

Once identified, the Adviser determines which global markets (such as equity, commodity, currency, interest rate and other markets) are appropriate for each risk premium and whether to gain exposure to the risk premium by directly investing in financial instruments using its own systematic strategies, or indirectly by entering into a derivatives transaction with a third party.

The Adviser constructs a portfolio in which it attempts to balance the risk contribution of the risk premia or investment strategies and for which it targets a 15% annualized standard deviation of returns ("variance"). The risk calculation is derived from each strategy's standard deviation of returns, its correlation with each of the other strategies within the portfolio and the percentage weight of each strategy within the portfolio. The portfolio is rebalanced dynamically according to this framework on a monthly basis.

For a more detailed discussion of the Fund's methods of analysis and material risks, please refer to the Fund's offering documents.

***Salient Trend Institutional Funds V20 and V10:*** The Salient Trend Institutional V20 Fund, L.P.'s investment process begins with the construction of a proprietary, systematic trend following strategy. Next, the Adviser determines which global markets are appropriate for this strategy. The Adviser then constructs a portfolio in which it attempts to balance the risk contribution of each trend following strategy and the asset classes within each strategy and for which it targets a twenty percent (20%) annualized standard deviation of returns ("variance") over a full market cycle of three to ten years. The Adviser may, in its sole discretion, increase or decrease the target level of volatility of the fund within a range of ten percent (10%) up to but not exceed twenty percent (20%). The risk calculation is derived from each strategy's standard deviation of returns, its correlation with each of the other strategies within the portfolio and the percentage weight of each strategy within the portfolio. The portfolio is rebalanced dynamically according to this framework on a frequency ranging between daily and monthly based upon prevailing market conditions and the size of the Fund. Salient Trend Institutional V10 Fund, L.P. invests approximately fifty percent (50%) of its assets to Salient Trend Institutional V20 Fund, L.P. The remainder of the Fund's assets are generally invested in cash, cash-equivalents and other fixed income instruments.

For a more detailed discussion of the Funds' methods of analysis and material risks, please refer to the Funds' offering documents.

***Salient Risk Parity Fund:*** The Salient Risk Parity Fund's investment process involves first the selection of representative assets within the equity, interest rates and commodities markets; then the measurement of the volatility and correlation of and among the selected assets; and finally the construction of a portfolio designed to balance the risk contribution of each asset class or strategy within the overall portfolio.

The Fund primarily gains exposure to these asset classes by investing in a variety of investment instruments. The Fund generally expects to maintain investments in approximately 50 different instruments, each of whose performance is expected to reflect the performance of a specific underlying asset or security. Generally, the Adviser selects

representative assets with the goal of having a portfolio of assets within each asset class that is as broad as possible as long as the instruments used to gain exposure to the asset meets the Adviser's minimum liquidity guidelines for inclusion.

The Adviser then constructs a portfolio utilizing these assets that attempts to equalize the contribution to total portfolio variance first from each asset class or strategy; then to equalize the contribution to total asset class or strategy variance from each sub-asset class or sub-strategy and finally to equalize as much as possible the contribution to the variance of each sub-asset class or sub-strategy from each investment (such as futures contract or derivatives instrument) within that sub-asset class or sub-strategy.

For a more detailed discussion of the Fund's methods of analysis and material risks, please refer to the Fund's prospectus and SAI.

***Salient Alternative Beta Fund:*** The Salient Alternative Beta Fund's investment process begins with analysis and systematic identification of various factors, which may include by way of example but not limitation market inefficiencies, market participant behaviors, supply and demand imbalances, market expectations and cyclical trends that the Adviser believes provide non-traditional risk premia. Sources include academic research, discussions with various professional money managers and reports from a variety of financial institutions including investment banks.

Once identified, the Adviser determines which global markets (such as equity, commodity, currency, interest rate and other markets) are appropriate for each risk premium and whether to gain exposure to the risk premium by directly investing in financial instruments using its own systematic strategies, or indirectly by entering into a derivatives transaction with a third party.

In the case of direct exposure, the Adviser utilizes proprietary systematic strategies to gain exposure to the relevant risk premia by establishing a mixture of long and short positions in various markets, typically utilizing futures contracts.

In the case of indirect exposure, the Adviser has determined that the risk premium in question is best accessed utilizing a strategy developed and/or managed by a third party. The Fund typically gains exposure to these types of strategies by entering into swap agreements with an investment bank or other counterparty.

The Adviser constructs a portfolio in which it attempts to balance the risk contribution of the risk premia or investment strategies and for which it targets a 15% annualized standard deviation of returns ("variance"). The risk calculation is derived from each strategy's standard deviation of returns, its correlation with each of the other strategies within the portfolio and the percentage weight of each strategy within the portfolio. The portfolio is rebalanced dynamically according to this framework on at least a monthly basis, although rebalancing may occur more frequently.

The Adviser constructs a portfolio that attempts to equalize the contribution to total portfolio variance first from each asset class or strategy; then to equalize the contribution to total asset class or strategy variance from each sub-asset class or sub-strategy and finally to equalize as much as possible the contribution to the variance of each sub-asset class or

sub-strategy from each investment (such as futures contract or derivatives instrument) within that sub-asset class or sub-strategy.

For a more detailed discussion of the Fund's methods of analysis and material risks, please refer to the Fund's prospectus and SAI.

***Salient Trend Fund:*** After the Adviser determines which global markets are appropriate for its momentum strategy, the Adviser utilizes proprietary systematic strategies to gain exposure to momentum by establishing a mixture of long and short positions in various markets, typically utilizing futures contracts. The Adviser generally causes the Fund to go long markets exhibiting recent upward price trends while going short those markets exhibiting recent downward trends. The momentum strategy will have the effect of amplifying the Fund's exposure to assets whose prices have been rising and lessening the Fund's exposure to assets whose prices have been declining.

The Adviser then constructs a portfolio in which it attempts to balance the risk contribution of each trend-following strategy and the asset classes within each strategy and for which it targets a 20% annualized standard deviation of returns ("variance"). The risk calculation is derived from each strategy's standard deviation of returns, its correlation with each of the other strategies within the portfolio and the percentage weight of each strategy within the portfolio. The portfolio is rebalanced dynamically according to this framework on at least a monthly basis, although rebalancing may occur more frequently.

For a more detailed discussion of the Fund's methods of analysis and material risks, please refer to the Fund's prospectus and SAI.

***Salient Global Equity Fund:*** The Adviser utilizes a hybrid investment process that combines top-down thematic views with a fundamental bottom-up security selection process to build a portfolio of approximately 40 to 60 stocks. The positions fall into three categories:

- Capital Growth: companies with sustainable competitive advantages and attractive industry or thematic tailwinds which trade at reasonable valuations and are expected to compound value over time;
- Yield: companies with above-average dividend yields and/or cash flow yields with modest growth expectations; and
- Opportunistic: companies that are undergoing significant structural or cyclical changes (or companies within industries undergoing these types of changes) that are likely to transform the future value creation potential of the underlying businesses.

The investment process generally begins by filtering the universe of stocks in the MSCI All Country World Index into approximately 150 to 200 stocks using both quantitative and fundamental research. The Adviser applies fundamental research on these companies to construct a portfolio of approximately 40-60 stocks that is diversified across sectors and geography. All selected securities are subjected to valuation discipline and have

predetermined upside/downside valuation targets. In general, no individual position typically is more than 5% of the Fund's portfolio (at cost) and the top ten positions typically will not exceed approximately 40% of the portfolio. The Adviser also employs dynamic limits on maximum country and industry exposure as a means of risk control. There are no limitations on the market capitalization of the issuers in which the Fund may invest.

The Adviser analyzes issuers internally and formulates an investment thesis and earnings models for each position, with focus on identifying an "edge," or a differentiated viewpoint that is supported by an "out-of-consensus" earnings model or asset value analysis. Positions generally are eliminated when an investment thesis changes, an issuer's underlying business does not develop as projected, a price target is reached, and/or securities with more attractive risk reward are identified.

Typically, the Adviser intends that approximately 70%-85% of the Fund will be invested in developed markets, with the remaining portfolio invested in the emerging markets. The Fund may, however, invest less than 15% of its portfolio in emerging markets at any given time. The Fund selectively hedges its exposure to foreign currencies depending on market conditions and the Adviser's assessment of cost-benefit associated with such a program.

The Adviser places a premium on downside protection in support of the Fund's investment objective, and may employ futures and other derivatives-based overlays designed to hedge the portfolio to reduce exposure in an attempt to control volatility and/or to supplement the portfolio and increase exposure. Such overlays are systematic, "rules based" and utilize specific triggers based on market conditions.

For a more detailed discussion of the Fund's methods of analysis and material risks, please refer to the Fund's prospectus and SAI.

***Salient Broadmark Tactical Plus Fund:*** The Sub-Advisor's investment approach for managing the Fund's assets focuses on identifying securities and other instruments that the Sub-Advisor believes are undervalued, or overvalued, relative to their intrinsic values, and that offer the greatest risk-adjusted potential for returns. In evaluating whether a particular market, sector or industry is undervalued or overvalued, the Sub-Advisor considers a variety of factors, including valuation and monetary conditions, investor sentiment and returns over a calendar year or other time period. The Sub-Advisor seeks to invest in futures, options and options on futures on indices, equity securities and other instruments in sectors and industries or groups of industries that the Sub-Advisor believes are attractive on a relative basis. Consistent with this approach, the Sub-Advisor may also sell short options and futures on indices, equity securities and other instruments that it believes are less attractive on a relative basis. The Sub-Advisor's investment approach also involves using strategies designed to create less downside volatility than the S&P 500 Index. With respect to the Fund, the Fund's principal investment strategies include seeking to create less market exposure during equity market downturns. If this strategy is successful, having less equity market exposure during equity downturns, as determined by the Sub-Advisor's investment process, will result in the Fund having less downside volatility than the S&P 500 Index.

For a more detailed discussion of the Fund's methods of analysis and material risks, please refer to the Fund's prospectus and SAI.

**Risks for all forms of analysis:** These securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While the Analysts are alert to indications that data may be incorrect, there is always a risk that their analysis may be compromised by inaccurate or misleading information.

## INVESTMENT STRATEGIES

**Salient Alternative Strategies Fund Complex:** Each Fund's objective is to seek to generate returns that are marked by relatively moderate volatility as measured by annualized standard deviation and relatively low correlation to equity and other "risk" markets. When implemented within a broader portfolio that contains exposure to equities and other relatively high-volatility asset classes, the Fund seeks to dampen overall volatility by decreasing directionality and correlation with equity or "risk" markets, and it is designed to achieve a volatility level closer to that of fixed income instruments such as U.S. government bonds (Treasuries) or investment grade corporate bonds as opposed to the volatility of equity or "risk" markets (although in certain periods, volatility may be higher, sometimes materially). Many of the strategies utilized with the Fund generally provide better returns in a higher (but not extreme) volatility environment, with rising short-term interest rates, and therefore, these types of strategies can provide a reasonable hedge against inflation, while providing portfolio stability akin to fixed income.

The strategies employed by the Adviser and the Investment Funds (and, by extension, the Funds) fall into four primary categories ("Styles") and several secondary categories ("Strategies"). In addition to benefiting from the Investment Managers' individual investment strategies, the Master Fund, as a whole, expects to achieve the benefits of making a broad allocation of its assets among a carefully selected group of Investment Managers and direct investment strategies that fit within the various Styles and Strategies. The Adviser expects that by investing through multiple Investment Managers and direct investment strategies employing various Styles and Strategies, the Master Fund may reduce the volatility inherent in a more concentrated portfolio that is invested in fewer Investment Managers, Styles and/or Strategies. The Adviser and the Investment Managers may invest in a wide range of instruments and markets, including, but not limited to, U.S. and foreign equities and equity-related instruments, U.S. and foreign fixed income securities, issued by both governments and corporations, currencies, commodities, and financial futures, swaps and other derivatives.

For a more detailed discussion of the Funds' investment strategies and material risks, please refer to the Funds' prospectus and SAI.

**The Yield Fund:** The investment objective of The Yield Fund is to achieve attractive total returns that are comprised primarily of yield or income. The Yield Fund is designed to take advantage of dislocations in the retail and commercial credit markets by investing principally in debt instruments issued by a variety of corporate, real estate, government and other issuers who are generally dedicated to holding or originating some form of debt that may or may not be backed by specific pools of assets. Due to a sequence of events during and after the debt crisis of 2008, many creditworthy, smaller borrowers have found it difficult to access capital from traditional lending sources to finance projects, fund growth, refinance existing

debt or restructure balance sheets. As a result, many of those borrowers are now forced to offer concessions in the form of guarantees, higher interest rates, or greater asset coverage as compared to historical norms or the terms afforded to larger borrowers with access to the capital markets.

The Yield Fund's investable universe is comprised of a wide range of financial instruments and real assets, including but not limited to corporate debt, government and municipal debt, emerging market debt, real estate, infrastructure, energy and intellectual property.

The Yield Fund's investments may take a variety of forms, including U.S. and international public and private securities, ownership of real and personal property, other financial instruments, corporate and personal obligations or contracts, in cash or synthetic structures. The Yield Fund may make, purchase or enter into loans, corporate bonds, equipment trust certificates, private trust certificates and other trust certificates, private placements, syndicated loans, short sales, 144A securities, public and private equities and new issues. The Yield Fund may invest in over-the-counter instruments such as total return swaps, interest rate swaps, options, forward rate agreements, credit default swaps and related instruments, without limitation, or exchange-traded futures, options and options on futures. The Yield Fund may also make investments including investments in residential value insurance, private investment partnerships, joint ventures and other pooled investment vehicles, as well as special purpose vehicles formed to capture certain opportunities and which may subsequently be spun off. The Yield Fund may invest in assets which are not expected to generate current income for a certain period of time or until their scheduled or expected maturity date. The foregoing list should not be considered exhaustive but illustrative only. The Yield Fund may invest in any asset or instrument deemed, in the sole discretion of the Adviser, appropriate for the objectives of The Yield Fund.

The Yield Fund may use leverage on an individual investment or portfolio basis and may do so when deemed appropriate by the Investment Team in order to enhance The Yield Fund's returns, make investments or meet withdrawal requests, as appropriate. The use of leverage can, in certain circumstances, increase the losses and/or volatility to which The Yield Fund's investment portfolio may be subject.

For a more detailed discussion of the Funds' investment strategies and material risks, please refer to the Funds' offering documents.

**Salient Partners EV Fund LP:** The EV Fund invests in the EnerVest Energy Institutional Fund XII-A, L.P. and EnerVest Energy Institutional Fund XII-B, L.P. ("EnerVest Fund"). The primary objective of the EnerVest Fund is to generate returns for its institutional investors by making prudent investments in the upstream sector of the oil and gas industry in North America. To achieve the EnerVest Fund's objective, its General Partner has implemented a disciplined process of acquiring oil and gas properties and controlling equity interests in companies that own oil and gas assets, aggressively managing and developing the properties, reducing costs and strategically divesting the assets. In addition, the EnerVest Fund focuses on acquiring properties with proved reserves processing significant development potential, yet underpinned with a base proved developed producing component of at least 50% of the reserves of the overall portfolio. The goal of this investment focus is to provide a significant level of current return from the producing reserves, while providing enhanced returns from the development of the non-producing reserves. The EnerVest Fund's

investment strategy is based on achieving returns on a risk-adjusted basis through the disciplined execution of the EnerVest Fund's business plan rather than through reliance on increasing commodity prices.

For a more detailed discussion of the Fund's investment strategies and material risks, please refer to the Fund's offering documents.

***Salient Risk Parity Funds V15 and V12:*** The investment objective of the Salient Risk Parity Fund V15, L.P. is to meet or exceed the returns associated with the Salient Risk Parity Index (as defined below) and maximize total return at a target volatility by investing the Fund's assets in a broadly diversified, global portfolio in which investment risk is evenly weighted across direct and indirect exposure to equities, commodities, credit and interest rates through an investment strategy commonly referred to as "risk parity."

The Fund seeks to achieve its objective by allocating assets broadly across many different global asset classes through a framework that focuses on the allocation of risk, as opposed to the allocation of capital. By allocating its portfolio with equal risk weightings, or "risk parity," the Adviser believes that the Fund provides investors access to a more diversified portfolio than has traditionally been achieved through frameworks that focus on the allocation of capital alone. To this end, the Fund invests an equal amount of risk in each of: 1) indirect exposure to global equities, 2) indirect exposure to global corporate credit, 3) indirect exposure to global interest rates and sovereign debt and 4) indirect exposure to commodities. Salient Risk Parity Fund V12, L.P. invests approximately eighty percent (80%) of its assets to Salient Risk Parity Fund V15, L.P. The remainder of the Fund's assets are generally invested in cash, cash-equivalents and other fixed income instruments.

The "Salient Risk Parity Index" (or "SRPI") was developed by, and is the exclusive property of, Salient Index Management, LLC. The SRPI, first published in early 2012, was designed to provide the Adviser a benchmark for an equally risk-weighted investment across global securities markets. The performance information reflected in the SRPI represents hypothetical, simulated index data for periods prior to January 1, 2012, and live (or actual) results from and after January 1, 2012. Additional information concerning the SRPI, including the methodology and the types of underlying financial instruments, can be found at [www.theriskparityindex.com](http://www.theriskparityindex.com). Because the Salient Risk Parity Funds V15 and V12' performance is measured against a benchmark developed by Salient Index Management, LLC, an affiliate of the Funds' general partner, there is an inherent conflict of interest. However, the Adviser believes that such conflict is mitigated through the Salient Index Management, LLC's use of a third party firm to administer and calculate the SRPI, and because the SRPI's methodology and types of underlying financial instrument components are open to public inspection at [www.theriskparityindex.com](http://www.theriskparityindex.com).

For a more detailed discussion of the Funds' investment strategies and material risks, please refer to the Funds' offering documents.

***Salient Alternative Beta Institutional Fund:*** The investment objective of the Salient Alternative Beta Institutional Fund is to seek long term capital appreciation with low correlation to traditional core equity and bond market exposures. The Fund invests both long and short, primarily in futures and forward contracts, but may also invest in other financial instruments, which may include securities as well as derivatives, in order to gain exposure to

a variety of non-traditional risk premia identified by the Adviser. Risk premia, plural for a risk premium, are the excess positive expected returns from exposures to or strategies in various asset classes/markets and investment styles above the risk-free rate represented by cash or government bonds. The Fund also holds a large portion of its assets either directly or indirectly in cash, money market instruments or other cash equivalents, some of which will serve as margin or collateral for the Fund's futures contracts or other derivatives positions.

For a more detailed discussion of the Fund's investment strategies and material risks, please refer to the Fund's offering documents.

**Salient Trend Institutional Funds V20 and V10:** The investment objective of the Salient Trend Institutional V20 Fund, L.P. is to seek long term capital appreciation with low correlation to traditional core equity and bond market exposures. The Fund invests both long and short, primarily in futures contracts and other financially-linked derivatives and instruments in order to gain exposure to momentum, which is defined as the continuation of recent price trends, across a variety of global markets and asset classes. The Fund also holds a large portion of its assets in cash, money market instruments or other cash equivalents, some of which will serve as margin or collateral for the Fund's futures contracts or other derivatives positions. Salient Trend Institutional V10 Fund, L.P. invests approximately fifty percent (50%) of its assets to Salient Trend Institutional V20 Fund, L.P. The remainder of the Fund's assets are generally invested in cash, cash-equivalents and other fixed income instruments.

For a more detailed discussion of the Funds' investment strategies and material risks, please refer to the Funds' offering documents.

**Salient Risk Parity Fund:** The investment objective of the Salient Risk Parity Fund is to seek long term capital appreciation. The Fund invests primarily in futures contracts and other financially-linked derivatives and instruments whose performance is expected to correspond to global equity markets, global interest rates markets as reflected in the government bond markets of developed countries and global commodities markets. The Fund also holds a large portion of its assets either directly or indirectly (through its Risk Parity Subsidiary, Salient Risk Parity Offshore Fund Ltd.) in cash, money market instruments or other cash equivalents, some of which will serve as margin or collateral for the Fund's futures contracts or other derivatives positions.

The Adviser allocates investment exposure broadly across the following global asset classes and strategies: equities; interest rates, represented by developed markets government fixed income; commodities and momentum strategy. The broad asset classes and strategies are determined based on their respective correlation and volatility contributions across different market environments.

For a more detailed discussion of the Fund's investment strategies and material risks, please refer to the Fund's prospectus and SAI.

**Salient Alternative Beta Fund:** The investment objective of the Salient Alternative Beta Fund is to seek long term capital appreciation with low correlation to traditional core equity and bond market exposures. The Fund invests both long and short primarily in futures and forward contracts but may also invest in other financial instruments, which may include securities as well as derivatives, in order to gain exposure to a variety of non-traditional risk



premiums identified by the Adviser. Risk premiums, plural for a risk premium, are the excess positive expected returns from exposures to or strategies in various asset classes/markets and investment styles above the risk-free rate represented by cash or government bonds. The Fund also holds a large portion of its assets either directly or indirectly (through its Alternative Beta Subsidiary, Salient Alternative Beta Offshore Fund Ltd.) in cash, money market instruments or other cash equivalents, some of which will serve as margin or collateral for the Fund's futures contracts or other derivatives positions.

For a more detailed discussion of the Fund's investment strategies and material risks, please refer to the Fund's prospectus and SAI.

***Salient Trend Fund:*** The investment objective of the Salient Trend Fund is to seek long term capital appreciation with low correlation to traditional core equity and bond market exposures. The Fund invests both long and short primarily in futures contracts and other financially-linked derivatives and instruments in order to gain exposure to momentum, which is defined as the continuation of recent price trends, across a variety of global markets and asset classes. The Fund also holds a large portion of its assets either directly or indirectly (through its Trend Subsidiary, Salient Trend Offshore Fund Ltd.) in cash, money market instruments or other cash equivalents, some of which will serve as margin or collateral for the Fund's futures contracts or other derivatives positions.

For a more detailed discussion of the Fund's investment strategies and material risks, please refer to the Fund's prospectus and SAI.

***Salient Global Equity Fund:*** The investment objective of the Salient Global Equity Fund is to seek long term capital appreciation. The Fund invests primarily in exchange-traded global equities, and from time to time it may utilize various futures contracts and other financially-linked derivatives and instruments in order to reduce or increase certain exposures.

Under normal market conditions, at least 80% of the value of the Fund's net assets (plus any borrowings made for investment purposes) will be invested in common stocks and other equity securities (such as preferred stock and/or convertible stock), and 40% of the value of the Fund's net assets (plus any borrowings made for investment purposes) will be invested in common stocks and other equity securities (such as preferred stock and/or convertible stock) of issuers located outside of the United States.

For a more detailed discussion of the Fund's investment strategies and material risks, please refer to the Fund's prospectus and SAI.

***Salient Broadmark Tactical Plus Fund:*** The investment objective of the Salient Broadmark Tactical Plus Fund is to produce, in any market environment, above-average risk-adjusted returns and less downside volatility than the S&P 500 Index. The Fund invests primarily in a diversified portfolio of instruments that provide exposure to U.S. and non-U.S. equity securities. These instruments generally include futures and options on securities, securities indices and shares of exchange-traded funds ("ETFs"). The Fund may also invest in equity securities (such as common stocks, preferred stocks and shares of investment companies, including ETFs) of U.S. and non-U.S. issuers, which may include

emerging market issuers, in any industry sector and in all market capitalization ranges, including small capitalization stocks, without limitation.

For a more detailed discussion of the Fund's investment strategies and material risks, please refer to the Fund's prospectus and SAI.

***Risk of Loss:*** Securities investments are not guaranteed and always carry a risk of loss.

## **Item 9    Disciplinary Information**

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management. Our firm and our management personnel have no reportable disciplinary events to disclose.

## **Item 10    Other Financial Industry Activities and Affiliations**

Clients of the Adviser (the Funds) employ an affiliated broker-dealer, Salient Capital, L.P., as their Placement Agent/Distributor.

Salient Advisors, L.P. does not use Salient Capital, L.P. to place trades in client accounts. However, in respect of certain Funds, the Adviser has engaged Salient Capital, L.P. to privately place interests in such Funds. Affiliated persons of the Adviser are licensed as registered representatives of Salient Capital, L.P. These individuals, in their separate capacity, can effect such private placement securities transactions for which they may receive separate, yet customary compensation.

Such individuals are also affiliated persons of other advisers that are affiliates of Salient Advisors, L.P. While Salient Advisors, L.P. and these individuals endeavor at all times to put the interest of the clients first as part of their fiduciary duty, such clients of our adviser affiliates should be aware that the receipt of additional compensation from Salient Capital, L.P. creates a conflict of interest, and may affect the judgment of these individuals when making recommendations. Further, more detailed disclosure of such conflicts of interest is contained in Part 2A of Form ADV of the relevant adviser affiliate of Salient Advisors, L.P.

Under California law, certain of Salient Advisors, L.P.'s advisory business solicitation efforts directed toward California state public retirement systems require Salient Advisors, L.P., certain employees, and Salient Capital, L.P., an affiliate, to register in California as a "Lobbyist Employer," "Lobbyist" and "Lobbying Firm," respectively. Such registration subjects Salient Advisors, L.P., its registered Lobbyists (whether one or more), and Salient Capital, L.P. to specified gift, political contribution and other restrictions and certain periodic reporting requirements, and prohibits such registered Lobbyists and Salient Capital, L.P. from accepting or agreeing to accept any payment in any way contingent upon Salient Advisors, L.P. being awarded investment advisory business from any California state public retirement systems. Neither Salient Advisors, L.P., Salient Capital, L.P., nor any other of their Advisory Affiliates, presently intend to engage in any other conduct customarily known as "lobbying" in California, including attempting to influence state legislative action.

Salient Advisors, L.P. is registered with the Commodity Futures Trading Commission (“CFTC”) as a commodity trading advisor (“CTA”) and a commodity pool operator (“CPO”) and is a member of the National Futures Association (“NFA”). Salient Advisors, L.P. is also affiliated with a CTA and CPO. Salient Capital Advisors, LLC is registered with the CFTC as a CTA and a CPO and is a member of the NFA. Affiliated persons of the Adviser are principals and/or affiliated persons of the CTAs/CPOs.

As discussed in detail in Item 4, above, the Adviser’s clients are all investment companies or unregistered private partnerships.

Individuals on the Investment Committee and other affiliated persons of the Adviser are also owners, officers and/or employees of Endowment Advisers, L.P.; Integrity Capital, LLC; Salient Capital Advisors, LLC and Sustainable Woodlands Partners, LLC. In these capacities, these individuals also provide investment advice to the following pooled investment vehicles:

The Endowment Master Fund, L.P.; The Endowment Registered Fund, L.P.; The Endowment TEI Fund, L.P.; The Endowment Institutional Fund, L.P.; The Endowment Institutional TEI Fund W, L.P.; The Endowment (Domestic) Fund, L.P.; The Endowment (Domestic QP) Fund, L.P.; The Endowment (Exempt) Fund II, L.P.; The Endowment (International) Fund, Ltd.; The Endowment PMF Master Fund, L.P.; PMF Fund, L.P.; PMF TEI Fund, L.P.; PMF International Fund, Ltd.; Salient Alternative Strategies Master Fund; Salient Alternative Strategies I Fund; Salient Alternative Strategies Fund, L.P.; Salient Partners EV Fund LP; The Yield Master Fund I, L.P.; The Yield Master Fund II, L.P.; The Yield Fund, L.P.; The Yield (Exempt) Fund, L.P.; Salient Risk Parity Fund V15, L.P.; Salient Risk Parity Fund V12, L.P.; Salient Alternative Beta Institutional Fund, L.P.; Salient Trend Institutional V20 Fund, L.P.; Salient Trend Institutional V10 Fund, L.P.; Salient Risk Parity Fund; Salient Alternative Beta Fund; Salient Trend Fund; Salient Global Equity Fund; Salient Broadmark Tactical Plus Fund; Salient MLP Fund, L.P.; Salient MLP TE Fund, L.P.; Salient MLP Total Return Fund, L.P.; Salient MLP Total Return TE Fund, L.P.; Salient Private MLP & Midstream Fund, L.P.; Salient Midstream & MLP Fund; Salient MLP & Energy Infrastructure Fund; Salient MLP Fund; Eschelon Teton Partners I, L.P.; Eschelon Teton Secondary Partners I, L.P.; Teton Buyout Partners, L.P.; Teton Consumer Partners, L.P.; Teton Health Partners, L.P.; Teton Midstream Infrastructure Fund II, L.P.; Teton Midstream Infrastructure Fund III, L.P.; Teton Midstream & Resource Partners, L.P.; Teton Midstream & Resource Partners II, L.P.; Teton Midstream & Resource Partners III, L.P.; Teton Natural Resource Fund II, L.P.; Teton Natural Resource Fund III, L.P.; Teton Natural Resource Fund IV, L.P.; Teton Natural Resource Fund V, L.P.; Teton Royalty Partners, L.P.; Teton Royalty Partners II, L.P.; Teton Strategic Energy & Income Growth, L.P.; Teton Venture Partners, L.P.; TMRP II American Energy Co-Investment, L.P.; TMRP II Baffin Co-Investment, L.P.; TMRP II Utica Co-Investment, L.P.; TNRF III Co-Investment, L.P.; TNRF III Eclipse Co-Investment, L.P.; TNRF III Eclipse 2014 Co-Investment, L.P.; Salient Distressed Real Estate Fund, L.P.; Salient Natural Resource Fund, L.P.; Salient Opportunistic Real Estate Fund, L.P.; TMRP III Co-Investment Fund, L.P.; The Salient Zarvona Energy Fund, L.P.; Salient Zarvona Energy Fund II-A, L.P.; Salient Zarvona Energy Fund II-B, L.P.; Sustainable Woodlands Fund, L.P.; Sustainable Woodlands Fund II, L.P.

This presents a potential conflict of interest in that these individuals may have an incentive to favor the clients of these other advisory firms when identifying or allocating investment

opportunities for the Adviser. To address this potential conflict, the Adviser regularly reviews the allocations of investment opportunities between affiliated Advisers.

The following investment advisers are under common ownership and share one or more affiliated persons with the Adviser:

Endowment Advisers, L.P., which provides investment advice to investment companies and pooled investment vehicles;

Integrity Capital, LLC, which provides investment advice to public pension plans and corporate pension and profit sharing plans;

Salient Capital Advisors, LLC, which provides investment advice to individuals, pension and profit sharing plans, investment companies, pooled investment vehicles and other institutional clients;

Sustainable Woodlands Partners, LLC, which provides investment advice to pooled investment vehicles.

The following entities are under common ownership and share one or more affiliated persons with the Adviser:

Salient Trust Co., LTA is an affiliate of the Adviser. Salient Trust Co., LTA clients may be solicited to invest in one or more of the funds managed by the Adviser or an affiliate.

Salient Insurance Agency, LLC is an affiliate of the Adviser. Salient Insurance Agency, LLC clients may be solicited to invest in one or more of the funds managed by the Adviser or an affiliate.

Salient Select, LLC is an affiliate of the Adviser. Salient Select, LLC clients may be solicited to invest in one or more of the funds managed by the Adviser or an affiliate.

***Investors in the Adviser's Clients are Solicited to Invest in Affiliated Partnerships.***

Affiliated persons of the Adviser are members of the general partner of various private investment vehicles (as discussed above) and affiliated advisers, which themselves manage other registered investment companies and private pooled investment vehicles. Certain investors in funds managed by the Adviser are solicited to invest (by the affiliated persons) in such other registered investment companies or private pooled investment vehicles, although the Adviser's clients themselves, which are all registered investment companies or pooled investment vehicles, are not. In such instances, our affiliated advisers and/or affiliated persons of our Adviser may receive additional compensation.

While Salient Advisors, L.P. and these individuals endeavor at all times to put the interest of their clients first as part of our fiduciary duty, clients of such adviser affiliates should be aware that the receipt of additional compensation itself creates a conflict of interest, and may affect the judgment of the adviser affiliate and these individuals when making recommendations. Further, more detailed disclosure of such conflicts of interest is contained in Part 2A of Form ADV of the relevant adviser affiliate of Salient Advisors, L.P.

**Salient Index Management, LLC:** In addition to the relationships above, the owner of Salient Advisors, L.P., Salient Partners, L.P., is also the sole owner of Salient Index Management, LLC (“Index Manager”). The Index Manager owns the Salient Trend Index, Salient Risk Parity Index, Salient Risk Parity V12+ Index, Salient Risk Parity V15 Index, and Salient Risk Parity V15+ Index (each, a “Salient Index”, collectively, the “Salient Indices”). Each Salient Index employs a methodology seeking to balance risk across several positions, which may include credit default swaps and futures contracts. Many officers of the Index Manager are also officers or employees of Salient Advisors, L.P. This creates a conflict of interest with Salient Advisors, L.P., and its clients given that the Index Manager and/or Salient Advisors, L.P. may compare client account investment performance to the performance of one or more of the Salient Indices and may utilize one or more of the Salient Indices in marketing materials used in connection with soliciting potential investors. The relationship could create an incentive for Salient Advisors, L.P., or its supervised persons to access information regarding the Salient Indices prior to that information becoming publicly available. In addition, a conflict exists with respect to the confidentiality of Salient Advisors, L.P.’s client information. To address these conflicts of interest, both Salient Advisors, L.P. and the Index Manager have implemented policies and procedures to address, among others, the following matters: employee personal securities trading and review, confidentiality requirements, and insider trading prohibitions. Salient Partners, L.P. does not have any direct decision-making responsibilities regarding the Salient Indices. Any changes to the Indices are pre-approved by a standing Index committee (the “Index Committee”) established by Index Manager and governed by a charter approved by the Board of Managers of Salient Partners, L.P. and its general partner, Salient Capital Management, LLC (which is also the general partner of Salient Advisors, L.P.). The Index Committee is composed of not less than five (5) and not more than ten (10) members, of which not less than three (3) members must be independent members. No change to the objective or methodology for any Index shall be implemented without the approval of a majority of independent members of the Index Committee, or, as currently constituted, the sole independent member.

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

The Adviser has adopted a Code of Ethics (the “Code”) to effectuate the purposes and objectives of Sections 204A and Rule 204A-1 of the Investment Advisers Act of 1940. A copy of our Code of Ethics can be obtained by requesting it from an advisory representative or affiliated person by calling (713) 993-4675.

In summary, the Code sets forth the Adviser’s standards of business conduct reflecting our fiduciary obligations to our clients and specifically requires all employees to comply with the Code and federal (and other applicable) securities laws. In addition, the Code contains the following specific provisions:

- All access persons to report their personal securities transactions (quarterly) and their securities holdings (at least annually) to the Adviser for review;
- All employees to report any violations of the Code to the Adviser;
- The Adviser to provide each employee with a copy of the Code and any amendments; and

- All employees to provide an acknowledgement of their receipt of the Code and any amendments.

We strive to ensure that all employees act in accordance with the Adviser's internal policies and applicable regulations governing those rendering registered investment advisory services. Employees not in compliance with firm goals in this regard are subject to sanctions, which include possible termination.

The Adviser's affiliated persons may invest directly with or recommend to other clients of the affiliated persons (which may be investment programs, investment partnerships or separate accounts) that they invest directly with Investment Managers or Investment Funds recommended by the Adviser to the Funds. It is possible that Investment Funds that affiliated persons have invested in or may invest in may have capacity constraints that could limit further investment by the Adviser's clients.

From time to time supervised persons (employees) of the firm may make personal investments in securities that have been recommended to, and/or are currently held by, our client investment funds. Consistent with our fiduciary duties, Code of Ethics and Insider Trading policies and procedures, all such supervised persons of the firm that acquire knowledge of the Funds' intended or proposed portfolio investments in securities ("restricted securities") are strictly prohibited from effecting or engaging in any personal securities trading in such restricted securities. Restricted securities may not be purchased directly or indirectly by supervised persons in an employee account or employee related account (accounts of immediate family members of supervised persons) at any time while restricted.

Persons found to have violated this policy will be subject to disciplinary actions including (but not limited to) warnings, sanctions, regulatory and/or Board reporting and/or possible termination.

## **Item 12 Brokerage Practices**

The Adviser manages the assets of its client Investment Funds per the terms of the Agreements and the investment objectives of the Funds. In this capacity it has the authority to determine the investments made by the Investment Funds, the amount of those investments, and any brokers, dealers and associated commission rates.

Salient Advisors, L.P. requires that advised funds provide us with written authority to determine the broker-dealer to use and the commission costs that will be charged for these transactions.

With regard to the SAS Complex and the EV Fund, given the fact that most of the Funds' investments are in underlying Investment Funds that are structured as partnerships, the use of brokers or dealers and the payment of associated commissions is limited primarily to registered investment companies, exchange traded funds, options, derivatives and other individual securities.

The Adviser utilizes the services of one or more prime brokers and other brokers for The Yield Fund, the Salient Risk Parity Funds V15 and V12, the Salient Alternative Beta

Institutional Fund, the Salient Trend Institutional Funds V20 and V10, the Salient Risk Parity Fund, the Salient Alternative Beta Fund, the Salient Trend Fund, the Salient Global Equity Fund and the Salient Broadmark Tactical Plus Fund.

In effecting securities transactions, the Adviser generally seeks to negotiate with brokers and dealers a combination of the most favorable commission and the best price obtainable on each transaction. Consequently, brokers and dealers are selected primarily on the basis of their execution capability and trading expertise consistent with the effective execution of the transaction. In choosing brokers and dealers, the Adviser may consider a number of other factors, including the nature of the security being traded, the execution, clearance and settlement capabilities of the broker or dealer and its financial stability, and any research services it may provide. Recognizing the differing value of these factors, the Adviser may elect to pay a brokerage commission in excess of that which another broker or dealer might charge for effecting the same transaction. Prior to making such a decision, however, the Adviser will make a good faith determination that such commission is reasonable in relation to the value of the brokerage and research services received, viewed in terms of that particular transaction or in terms of all the accounts over which the Adviser or its affiliates exercise trading discretion. Consistent with requirements of best execution, brokerage commissions may be directed to brokers in recognition of investment research and information furnished as well as for services rendered in the execution of orders by such brokers. By allocating transactions in this manner, the Adviser is able to supplement its research and analysis with the views and information of such brokers.

The Adviser does not currently have any soft-dollar arrangements and does not receive any soft-dollar benefits.

In the history of the Adviser there have been very few investments made for our client investment funds where an affiliated broker-dealer would have been entitled (based upon then existing agreements) to receive fees from the issuer of the security in which the Adviser invested on behalf of its client investment funds. In all such limited situations the affiliated broker-dealer has waived, and will continue to waive (should such situations arise in the future), any fees it would otherwise be entitled to receive.

The Adviser will block trades where possible and when advantageous to clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts, so long as transaction costs are shared equally and on a pro-rated basis between all accounts included in any such block.

Block trading may allow us to execute equity trades in a timelier, more equitable manner, at an average share price. The Adviser will typically aggregate trades among clients whose accounts can be traded at a given broker, and may vary the order of brokers through which it places trades for clients on any particular day. The Adviser, its related persons (including its affiliates), and its affiliates' clients may also participate in an aggregated order. The Adviser's block trading policy and procedures are as follows:

- 1) Transactions for any client account may not be aggregated for execution if the practice is prohibited by or inconsistent with the client's advisory agreement with the Adviser or our firm's order allocation policy.

- 2) The trading desk in concert with the portfolio manager must determine that the purchase or sale of the particular security involved is appropriate for the client and consistent with the client's investment objectives and with any investment guidelines or restrictions applicable to the client's account.
- 3) The portfolio manager must reasonably believe that the order aggregation will benefit, and will enable the Adviser to seek best execution for each client participating in the aggregated order. This requires a good faith judgment at the time the order is placed for the execution. It does not mean that the determination made in advance of the transaction must always prove to have been correct in the light of a "20-20 hindsight" perspective. Best execution includes the duty to seek the best quality of execution, as well as the best net price.
- 4) Prior to entry of an aggregated order, an order ticket must be completed which identifies each client account participating in the order and the proposed allocation of the order, upon completion, to those clients.
- 5) If the order cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated in a fair and equitable manner, typically pro rata, among the participating client accounts in accordance with the initial order ticket or other written statement of allocation. However, allocation adjustments may be made to participating client accounts in accordance with the initial order ticket or other written statement of allocation. Furthermore, adjustments to the allocation may be made to avoid having odd amounts of shares held in any client account, or to avoid excessive ticket charges in smaller accounts.
- 6) Generally, each client that participates in the aggregated order must do so at the average price for all separate transactions made to fill the order, and must share in the commissions on a pro rata basis in proportion to the client's participation. Under the client's agreement with the custodian/broker, transaction costs may be based on the number of shares traded for each client.
- 7) If the order will be allocated in a manner other than that stated in the initial statement of allocation, a written explanation of the change must be provided to and approved by the Chief Compliance Officer no later than the morning following the execution of the aggregate trade.
- 8) The Adviser's client account records separately reflect, for each account in which the aggregated transaction occurred, the securities which are held by, and bought and sold for, that account.
- 9) Funds and securities for aggregated orders are clearly identified on the Adviser's records and to the broker-dealers or other intermediaries handling the transactions, by the appropriate account numbers for each participating client.
- 10) No client or account will be favored over another.



## **Item 13    Review of Accounts**

The Adviser has an Investment Committee which oversees its operations and investment advisory services. The Committee is comprised of Rob Croce, Bill Enszer, Rusty Guinn, Andrew B. Linbeck, Ajay Mehra, Lee G. Partridge, Jeremy L. Radcliffe, Gregory A. Reid and James Sivco.

The Adviser reviews the investment opportunities, Investment Managers and Investment Funds that it recommends to the Funds on a monthly basis at a minimum. The Investment Committee meets formally on a monthly basis and reviews detailed reports on the asset allocation, performance and other investment characteristics of the Funds' portfolio. The Investment Committee has sole investment decision-making authority.

The Funds monthly or quarterly investor statements are compiled and delivered to investors by a third-party administrator. In addition, the Adviser may provide individual investors with monthly reports that include a more detailed commentary on the Funds' performance and outlook.

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

Subject to a written agreement, both affiliated and non-affiliated persons may receive compensation for referring prospective investors to our investment fund clients. Such agreements will comply with the requirements set out in Rule 206(4)-3 of the Investment Advisers Act of 1940, including (among other things) the requirement that the relationship between the solicitor and the investment adviser be disclosed to the client at the time of the solicitation or referral. Solicitors' fees are a percentage of the annual management fee earned by the Adviser on the individual capital account of referred investors and represent no additional expense to such investor's account.

In any such case, applicable state laws may require these persons to become licensed either as investment adviser representatives of the advisers or as an independent investment adviser.

## **Item 15    Custody**

As the Adviser or an affiliate is a general partner or managing member of most or all of the Funds managed by the Adviser, the Adviser is deemed to have custody of these Funds; however, in respect of the SAS I Fund, the SAS Master Fund, the Salient Risk Parity Fund, the Salient Alternative Beta Fund, the Salient Trend Fund, the Salient Global Equity Fund and the Salient Broadmark Tactical Plus Fund, because these Funds are registered investment companies, such Funds have engaged a qualified custodian and the Adviser does not have custody of such Funds' respective assets. As to the Funds that are not registered investment companies, the Adviser requires the relevant Funds to be audited by an independent, PCAOB accountant, and will distribute the audited financial statements to all fund investors within 120 days after the relevant Fund's fiscal year end (180 days for funds of funds). The Funds' monthly or quarterly investor statements are compiled and delivered to investors by a third-

party administrator.

## **Item 16 Investment Discretion**

Our discretionary authority includes the ability to determine the security to buy or sell and to determine the amount of the security to buy or sell. This authority is contained in each fund's operating agreements, which will also contain any limits on this authority.

## **Item 17 Voting Client Securities**

The Adviser votes proxies for client accounts, where applicable. The Adviser votes proxies in the best interests of clients and in accordance with its established policies and procedures. The Adviser will retain all proxy voting books and records for the requisite period of time, including a copy of each proxy statement received, a record of each vote cast, a copy of any document created that was material to making a decision how to vote proxies, and a copy of each written request for information on how the Adviser voted proxies.

A copy of the Proxy Voting Policies and Procedures and information on the Adviser's actual proxy voting record may be obtained by calling (713) 993-4675.

## **Item 18 Financial Information**

Under no circumstances do we require or solicit payment of fees in excess of \$1200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

As an advisory firm that has discretionary authority and custody, we are also required to disclose any financial condition that is reasonably likely to impair our ability to meet our contractual obligations. Salient Advisors, L.P. has no additional financial circumstances to report.

Salient Advisors, L.P. has not been the subject of a bankruptcy petition at any time during the past ten years.