



Cushing® Asset Management, LP

8117 Preston Road, Suite 440

Dallas, TX 75225

214-692-6334

www.swankcapital.com

www.cushingasset.com

Form ADV, Part 2A – Disclosure Brochure

March 30, 2015

This brochure provides information about the qualifications and business practices of Cushing® Asset Management, LP. If you have any questions about the content of this brochure, please contact us at 214-692-6334 or info@swankcapital.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

Additional information about Cushing® Asset Management, LP is also available on the SEC's website at www.adviserinfo.sec.gov.

Material Changes

This brochure differs from the prior version, dated as of October 31, 2014, in the following material respects:

- The Advisory Business section was revised to disclose the firm's participation in Wrap Fee Programs.
- The Fees and Compensation section was revised to reflect the firm's current fee schedule for Managed Accounts.
- The Methods of Analysis, Investment Strategies and Risk of Loss section was revised to remove references to investment strategies no longer actively offered to Clients.
- The Disciplinary Information section was revised to remove the reference to settled litigation that is not material to a Client's evaluation of the firm's advisory business or the integrity of firm management.
- The Other Financial Industry Activities and Affiliations section was revised to disclose Cushing MLP Opportunity Offshore Fund, Ltd., a new Private Fund managed by Cushing and to remove references to Private Funds that are no longer managed by Cushing.

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Advisory Business

The Firm

Cushing® Asset Management, LP (“*Cushing*”) is wholly-owned by Swank Capital, LLC. The principal of Swank Capital, LLC is Jerry V. Swank. Cushing maintains a long term incentive plan pursuant to which employees meeting certain criteria are periodically offered the opportunity to acquire an economic interest in the firm. Currently, the plan provides for employee participation in up to 30% of the economic interests of the firm. This economic ownership is currently distributed among fifteen key employees, including all portfolio managers and members of the firm’s Executive Committee. The firm began offering its services to outside clients in 2003 and has been registered as an investment adviser with the SEC since 2005.

Investment Services

Cushing provides investment management services on a discretionary basis to high net worth individuals and institutional investors. Cushing offers its services through:

- privately offered pooled investment vehicles (the “*Private Funds*”),
- separately managed accounts (the “*Managed Accounts*”),
- publicly traded open-end registered investment companies (the “*Mutual Funds*”), and
- publicly traded closed-end registered investment companies (the “*Closed-End Funds*”) (collectively, the Private Funds, the Managed Accounts, the Mutual Funds and the Closed-End Funds are referred to as the “*Client*”, “*Clients*”, “*Client Account*” or “*Client Accounts*”).

Investment supervisory services include: (1) establishing each Client’s investment objectives; (2) buying or selling portfolio securities on behalf of each Client, and, from time to time, reallocating securities among Client portfolios to balance securities among such portfolios; and (3) periodically reporting to each Client current investment valuations, capital gains or losses, investment income and performance.

As further discussed below, Cushing primarily invests Client Accounts in the following types of investments:

- midstream energy infrastructure master limited partnerships (“MLPs”),
- upstream U.S. royalty trusts, Canadian royalty trusts and exploration and production (“E&P”) companies (“Energy Trusts”) and E&P MLPs, and
- North American Renaissance companies¹

¹ Cushing defines “Renaissance” companies to include: (i) companies across the energy supply chain spectrum, including upstream, midstream and downstream energy companies as well as oil and gas service companies, (ii) energy-intensive U.S. industrial and manufacturing companies expected to benefit from growing domestic energy production and lower feedstock costs relative to global costs, and (iii) transportation and logistics companies involved in the supply and transport of raw materials, feedstock and finished energy products.

Assets Under Management

As of December 31, 2014, Cushing managed approximately \$4.6 billion in assets under management. All of these assets were managed on a discretionary basis.

Cushing participates as a portfolio manager of Managed Accounts in the following wrap fee programs ("Wrap Fee Programs"):

- Charles Schwab & Co., Inc.: Schwab Advisor Services
- Pershing Advisor Solutions, LLC: Lockwood Advisors, Inc. Separately Managed Accounts
- Morgan Stanley Smith Barney LLC: Morgan Stanley Smith Barney Fiduciary Services

Cushing receives a portion of the wrap fee for the services it provides. More information regarding the Wrap Fee Programs and the fees paid by Wrap Fee Program clients to participate in the program can be found in the disclosure brochure for the Wrap Fee Program, which is provided to Wrap Fee Program clients by the sponsor of the Wrap Fee Program.

Fees and Compensation

Private Funds

Cushing generally charges each Private Fund a quarterly asset-based management fee (the "Management Fee"), in advance, at an annual rate ranging from 1.0% to 1.5% of the value of the Private Fund's assets. For certain Private Funds, Cushing charges its Management Fee on a monthly basis. Cushing, or an affiliate, may also charge an annual performance-based profits allocation (the "Performance Allocation") in an amount up to 20% of a Private Fund's net annual return for its fiscal year (taking into account the payment of the Management Fee). The Performance Allocation is subject to a "high water mark" limitation. Certain investors in Private Funds entered into side letters relating to fees that effectively reduced the Management Fee and Performance Allocation charged to such investors. In addition to the Management Fee and Performance Allocation, investors in Private Funds incur other costs associated with the operation of the fund including, investment-related expenses such as brokerage commissions, custody fees, taxes and other investment-related expenses, as well as administrative expenses, such as accounting, audit and legal fees. The Management Fee, Performance Allocation and other expenses are described further in the investment management agreements and offering documents for each Private Fund.

Managed Accounts

Cushing generally charges a quarterly management fee, in arrears, based upon the value of Managed Account assets, according to the following schedule:

<u>Market Value of Portfolio</u>	<u>Management Fee in %</u>
First \$25 million	1.00%
Next \$25-\$50 million	0.85%
Next \$50-\$75 million	0.75%
Next \$75-\$100 million	0.65%
Next \$100-\$150 million	0.60%
Over \$150 million	0.55%

Fees are generally deducted directly from Client Accounts. Since Managed Account Clients pay management fees in arrears, no Managed Account prepays any management fees that would need to be refunded in the event of the termination of a Managed Account during a quarter. Management fees for Managed Accounts are negotiable, and some Clients may pay more or less than other depending upon a variety of factors including, but not limited to, the size of the account, the range of services provided to the Client and the total amount of assets managed for the Client. In addition to management fees, Managed Account clients are charged other costs associated with managing the account, including brokerage commissions and custody fees.

Mutual Funds and Closed-End Funds

For investment advisory services provided to the Mutual Funds and Closed-End Funds, Cushing charges an annual management fee ranging from 0.55% to 1.50% of the average daily value of a Mutual Fund's or Closed-End Fund's Managed Assets (as such term is defined and further explained in each Mutual Fund's or Closed-End Fund's prospectus) payable monthly in arrears. The management fee for the Mutual Funds and Closed-End Funds is calculated as of the last business day of each calendar month. More information regarding the management fee and administration fees that Cushing charges as a service provider to the Mutual Funds and the Closed-End Funds is included in the registration statements and financial filings of these funds.

Other Fees and Expenses

Clients may pay other expenses in addition to the fees paid to Cushing. For example, Clients may pay portfolio transaction costs, including brokerage commissions, transaction fees, custodial fees, transfer taxes, wire transfer fees and other related fees and taxes. Cushing may invest Client assets in mutual funds and exchange traded funds which also charge internal management fees, as disclosed in the prospectus and financial filings for these investments.

Additional Compensation

Neither Cushing nor any of its employees accept any compensation, including sales charges or service fees, from any person for the sale of securities or other investment products.

Performance-Based Fees and Side-by-Side Management

Cushing manages both long-only and long-short Client accounts on a side by side basis. In some cases, Cushing is entitled to receive performance-based fees from certain long-short Client Accounts. Cushing can potentially receive higher fees from Client Accounts with performance-based fees than from Client Accounts that pay an asset-based fee. The management of long-only and long-short Client Accounts on a side by side basis creates several potential conflicts of interest for Cushing, including, among others: (a) Cushing could potentially direct non-performance fee paying long-only Client Accounts to purchase a security held by performance fee paying long-short Client Accounts in attempt to drive up the price for the benefit of the performance fee paying long-short Client Accounts, (b) Cushing could direct performance fee paying long-short Client Accounts to sell or “short” a security immediately before non-performance fee paying long-only Client Accounts sell their positions to benefit as the subsequent sales drive down the price, or (c) Cushing could choose to direct its best investment ideas to Client Accounts that pay a performance-based fee or to allocate or sequence trades in favor of performance-based fee accounts.

Cushing attempts to manage these potential conflicts as follows:

- When Cushing determines that it would be appropriate for a performance-based fee Client Account and one or more other Client Accounts to participate in an investment opportunity, Cushing will seek to execute orders for all of the participating Client Accounts on an equitable basis,
- If Cushing is investing in the same security at the same time for more than one Client Account, Cushing generally seeks to place combined orders (except for short-sale orders²) for all such Client Accounts simultaneously,
- If an order on behalf of more than one Client Account cannot be fully executed under prevailing market conditions, Cushing will seek to allocate the trade among the different participating Client Accounts on a basis that it considers equitable,
- In general, cross trades among Client Accounts are not permitted,
- Compensation of Cushing traders is not directly tied to the performance of any one portfolio that they manage. This is intended to incentivize traders to act in the best interests of all Clients when executing portfolio trades, regardless of fee type, and

² In general, Cushing will seek to process short sale orders and orders to purchase to cover short sales after completing non-short sale orders. If a short sale order is received while a non-short sale order is being processed for the same security or a non-short sale order is received while a short sale order is being processed for the same security, Cushing will seek to execute each order in an equitable manner.

- Cushing's Brokerage Review Committee conducts periodic reviews of allocations to ensure that no performance-based fee Client Account is being systematically favored over Client Accounts not subject to a performance-based fee.

Types of Clients

Cushing provides investment management services through Private Funds, Mutual Funds, Closed-End Funds and Managed Accounts. Investors in pooled investment vehicles and Managed Accounts include:

- Financial institutions and other institutional investors,
- Family offices,
- High net worth individuals,
- Foundations, endowments and other charitable organizations,
- Insurance companies,
- Sovereign wealth entities, and
- Governmental plans and municipalities.

Each of Cushing's pooled investment vehicles has a stated minimum investment requirement in the applicable fund's offering documents. The minimum account size for Managed Accounts is \$250,000; however, Cushing may establish a lower or higher minimum in its sole discretion.

Methods of Analysis, Investment Strategies and Risk of Loss

Investment Strategies

Cushing primarily invests Client Account assets in:

- "midstream"³ public and privately offered energy infrastructure master limited partnership ("MLP") investments and their general partners ("GPs"). Cushing may also invest in MLPs involved in other segments of the natural resources sector, including propane, shipping, refining, chemicals and coal MLPs.⁴ Finally, Cushing may invest in GP MLPs, which are partnerships and corporations that own: i) the GP interests, ii) the incentive distribution rights ("IDRs"), and iii) limited partner interests in related MLPs, and

³ Midstream MLPs collect, gather, transport, store, process and fractionate natural resources and their byproducts (primarily crude oil, natural gas, natural gas liquids and refined petroleum products), generally without taking ownership of the physical commodity.

⁴ Propane MLP services include the distribution of propane to homeowners for space and water heating and to commercial, industrial and agricultural customers. Coal MLP services include the owning, leasing, managing, production and sale of coal and coal reserves.

- “upstream”⁵ public and privately offered securities of energy-related U.S. royalty trusts⁶ and Canadian royalty trusts and exploration and production (“E&P”) companies⁷, E&P MLPs⁸, and securities of other related energy companies.
- “downstream”⁹ public and privately offered securities.
- industrial and manufacturing and transportation and logistics companies

Cushing generally makes equity investments in a mix of publicly traded securities and non-readily marketable securities that may be issued by public or private companies. Cushing may seek to hedge certain risks such as overall market, interest rate and commodity price risk through the use of derivative contracts.¹⁰ Cushing may also invest in securities of closed-end or open-end registered investment companies (including ETFs), as well as exchange traded notes (ETNs) which seek to track the total return of an underlying index or benchmark. In addition, certain portfolios managed by Cushing may seek to increase current income and capital appreciation by utilizing leverage through the issuance of commercial paper or notes and other forms of borrowing.

Cushing offers three investment strategies for Managed Accounts:

- **MLP Alpha Total Return Strategy** – Invests in a portfolio of primarily midstream MLPs with a focus on high after-tax total return.
- **MLP Core Strategy** – Invests in a portfolio of primarily larger capitalization publicly traded midstream MLPs.
- **Renaissance Strategy** – Invests in a portfolio of “Renaissance” companies with a focus on total return.

⁵ Upstream energy companies are engaged in the business of exploration and production of crude oil, natural gas and natural gas liquids.

⁶ U.S. royalty trusts passively manage royalties and net working interests in oil and gas producing properties in the United States.

⁷ Canadian royalty trusts and E&P companies are in the business of producing and selling crude oil and natural gas and may also engage in the acquisition, development and production of natural gas and crude oil to replace depleting reserves.

⁸ E&P MLPs are focused on the exploration, development and acquisition of oil and natural gas producing properties, including exploration and production of crude oil and natural gas at the wellhead for sale to third parties.

⁹ Downstream energy companies are engaged in the marketing and distribution of refined energy products, such as petroleum, liquefied petroleum gas (“LPG”), fuel oils, lubricants, plastics and other chemicals, fertilizer and natural gas to retail customers and industrial end-users.

¹⁰ In the course of pursuing these investment strategies, Cushing may purchase or sell exchange-listed and over-the counter put and call options on securities, equity and fixed-income indices and other instruments, purchase and sell futures contracts and options thereon, and enter into various transactions such as swaps, caps, floors or collars.

Investment Process

The Cushing investment team has developed an investment process that begins with comprehensive, fundamental research analysis and identification of the developing trends across the energy supply chain. Portfolio construction incorporates research and trend analysis with a proprietary risk management protocol to build a customized portfolio for each Client Account that provides attractive total returns. Cushing's active portfolio management approach relies upon its investment management and industry expertise to identify absolute and relative value investments that, in Cushing's view, present the best opportunities. The results of Cushing's risk management and comprehensive investment process will influence the weightings of positions held by each Client Account.

Fundamental analysis. Cushing utilizes its team of dedicated research analysts to cover each Client Account's potential investment sectors. Analysts prepare detailed financial models of potential portfolio companies with full financial projections that incorporate current and future capital projects. This bottom-up modeling process is designed to help accurately predict earnings and distribution growth potential.

Qualitative analysis. The bottom up fundamental analysis is then coupled with a top down theme overlay, which feeds into Cushing's proprietary valuation and ranking system. Cushing's valuation and ranking system involves discussions and debate by the investment team of research analysts and portfolio managers regarding the qualitative characteristics of current and potential Client Account holdings. These qualitative characteristics include, but are not limited to, asset-related strengths and weaknesses, market sentiment and strength of management.

Portfolio construction and risk management. Once an investment thesis is formed at the company specific level, the investment team and risk manager determine the appropriate level of exposure based on current views of commodities prices and the overall macroeconomic environment. In constructing and maintaining portfolios, Cushing monitors such factors as company valuations relative to benchmarks, general economic conditions and trends, interest rate expectations and regulatory policy regarding the energy, industrial and manufacturing and transportation and logistics sectors.

Cushing typically constructs a portfolio that it believes will have the highest level of total return performance over the next six (6) to twenty-four (24) months. Cushing's buy discipline incorporates liquidity and pricing tolerances for each investment. The firm's sell discipline develops from a combination of price appreciation based on initial price targets from the core portfolio, relative valuation metrics and macro issues which may impact the original thesis.

An overlay to the investment process is Cushing's risk management function, which is designed to provide independent oversight to the portfolio management process. Cushing maintains a dedicated risk management team, including professionals with FRM and CFA designations. The risk management team monitors Client portfolios for macroeconomic risks, such as geopolitical concerns, credit spreads, currency and commodity price exposure, as well as investment specific risks, such as value at risk (VaR), liquidity concerns, sub-sector concentration and position exposure.

Investment Strategy Risks

The principal risks associated with Cushing's investment strategies are:

Investment and Market Risk. Investing in energy, industrial and manufacturing and transportation and logistics company securities involves investment risk, including the possible loss of a Client's entire investment. Client Accounts may, at any point in time may be worth less than at the time of original investment, even after taking into account the reinvestment of dividends.

Natural Resources Risks. Under normal circumstances, many of Cushing's Client Accounts concentrate their investments in the natural resources sector, with an emphasis on securities issued by MLPs and Energy Trusts. MLPs, Energy Trusts and other natural resources sector companies are subject to certain risks, including, but not limited to, the following:

- Commodity price volatility
- Changes in production and demand for natural resources
- Supply constraints
- Regulatory changes
- Weather interruptions
- Environmental costs and liabilities
- Catastrophe risk

Interest Rate Risk. The prices of the equity and debt securities of MLPs, Energy Trusts and other natural resources companies are susceptible in the short term to a decline when interest rates rise. Rising interest rates could limit the capital appreciation of securities of certain MLPs and Energy Trusts as a result of the increased availability of alternative investments with yields comparable to those of MLPs and Energy Trusts. Rising interest rates could adversely impact the financial performance of MLPs, Energy Trusts and other natural resources companies by increasing their cost of capital. This may reduce their ability to execute acquisitions or expansion projects in a cost effective manner.

MLP Structure Risk. Holders of MLP units are subject to certain risks inherent in the structure of MLPs, including (i) tax risks (described further below), (ii) the limited ability to elect or remove management or the general partner or managing member (iii) limited voting rights, except with respect to extraordinary transactions, and (iv) conflicts of interest between the general partner or managing member and its affiliates, on the depressed commodity prices or otherwise, would reduce the revenue, operating one hand, and the limited partners or members, on the other hand, including those arising from incentive distribution payments or corporate opportunities.

U.S. Royalty Trust Risk. The U.S. royalty trusts in which Cushing invests are heavily invested in crude oil and natural gas. Potential growth may be sacrificed because revenue is passed on to a royalty trust's unitholders (such as a Client Account), rather than reinvested in the business. Royalty trusts generally do not guarantee minimum distributions or even return of capital. If the assets underlying a royalty trust do not perform as expected, the royalty trust may reduce or even eliminate distributions. The declaration

of such distributions generally depends upon various factors, including the operating performance and financial condition of the royalty trust and general economic conditions.

Canadian Royalty Trust and Canadian E&P Company Risk. Canadian royalty trusts are generally subject to similar risks as U.S. royalty trusts, as described above. However, unlike U.S. royalty trusts and Canadian royalty trusts and E&P companies may engage in the acquisition, development and production of natural gas and crude oil to replace depleting reserves. They may have employees, issue new shares, borrow money, acquire additional properties, and may manage the resources themselves. As a result, Canadian royalty trusts and Canadian E&P companies are exposed to commodity risk and production and reserve risk, as well as operating risk.

Tax Risk. Changes in tax laws, regulations or interpretations of those laws or regulations in the future could adversely affect MLPs, Energy Trusts or other natural resource sector companies in which Cushing will invest.

MLP Tax Risk. The anticipated benefit from investing in MLPs is largely dependent on the MLPs being treated as partnerships for U.S. federal income tax purposes. As a partnership, an MLP has no U.S. federal income tax liability at the entity level. If, as a result of a change in current law or a change in an MLP's business, an MLP were to be treated as a corporation for U.S. federal income tax purposes, it would be subject to U.S. federal income tax on its income at the graduated tax rates applicable to corporations. In addition, if an MLP were to be classified as a corporation for U.S. federal income tax purposes, the amount of cash available for distribution by it would be reduced and distributions received from it would be taxed under U.S. federal income tax laws applicable to corporate distributions (as dividend income, return of capital, or capital gain). Therefore, treatment of MLPs as corporations for U.S. federal income tax purposes would result in a reduction in the after-tax return to Client Accounts.

Energy Trust Tax Risk. U.S. Royalty Trusts are generally not subject to U.S. federal corporate income taxation at the trust or entity level. Instead, each unitholder of the U.S. Royalty Trust is required to take into account its share of all items of the U.S. Royalty Trust's income, gain, loss, deduction and expense. It is possible that a Client Account's share of taxable income from a U.S. Royalty Trust may exceed the cash actually distributed to it from the U.S. Royalty Trust in a given year. In such a case, the Client Account will have less after-tax cash available for distribution to shareholders. Under amendments to the Income Tax Act (Canada) passed in 2007 (the "SIFT Rules"), certain Canadian royalty trusts (defined as "SIFT trusts") are taxable on certain income and gains on a basis similar to that which applies to a corporation, with the result that tax efficiencies formerly available in respect of an investment in the trust may cease to be available. Accordingly, the SIFT Rules have had and may continue to have an effect on the trading price of investments in royalty trusts, and consequently could impact the value of a Client Account.

Investment Product Risks. Additional disclosures regarding specific risks related to an investment in the Private Funds, the Mutual Funds and the Closed-End Funds can be found in the offering documents and registration statements, respectively, for such products.

Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events in the past ten (10) years that would be material to your evaluation of Cushing or the integrity of Cushing's management. Cushing has no legal or disciplinary events to report.

Other Financial Industry Activities and Affiliations

Certain Cushing employees, including the firm's management personnel responsible for institutional and retail sales, are registered representatives of Foreside Funds Services, LLC, a broker-dealer unaffiliated with Cushing. As registered representatives, these employees are engaged in activities related to the distribution of products and services offered by Cushing.

Private Funds

Cushing serves as the investment adviser to and/or general partner of:

- The Cushing® Fund, LP
- The Cushing® MLP Opportunity Fund, LP
- The Cushing® MLP Opportunity Offshore Fund, Ltd.
- The Cushing® MLP Market Neutral Fund
- The Cushing® MLP Market Neutral Offshore Fund, Ltd.
- The Cushing® Renaissance Opportunity Fund, LP
- The Cushing® Renaissance Opportunity Offshore Fund, Ltd.
- The Cushing® MLP Infrastructure Fund
- Swank MLP Convergence Fund, LP

Cushing also serves as the investment adviser to Swank Investment Partners, LP ("SIP"), a proprietary collective investment vehicle for firm principals, employees and affiliates. To the extent that SIP makes investments in the same or similar securities as Client Accounts, conflicts of interest may arise. Cushing has adopted policies and procedures to ensure that all Client accounts are managed in accordance with each Client's investment objective and guidelines and that neither SIP nor any Client Account is inappropriately favored over another.

Mutual Funds and Closed-End Funds

Cushing serves as the subadvisor to three open-end registered investment companies (The MainStay Cushing® MLP Premier Fund, The MainStay Cushing® Royalty Energy Income Fund and The MainStay Cushing® Renaissance Advantage Fund), and as the investment adviser to three exchange listed closed-end registered investment companies (The Cushing® MLP Total Return Fund, The Cushing® Royalty & Income Fund and The Cushing® Renaissance Fund) and a registered closed-end interval fund (The Cushing® MLP Infrastructure Fund).

Cushing manages potential conflicts of interest arising from its management of different types of Client Accounts by allocating investment opportunities in accordance with its allocation policies and procedures, as further described under "Performance-Based Fees and Side-by-Side Management."

Indices

Cushing has created and supports the ongoing operation of a variety of MLP and energy income-related financial benchmark indices. The firm has implemented policies and related procedures to ensure that employees with knowledge of material, non-public or confidential information regarding forthcoming

changes to the securities that comprise a Cushing-sponsored index do not share or otherwise misuse such information prior to its public release.

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

Code of Ethics and Personal Trading

Cushing has adopted a Code of Ethics and Personal Trading Policy (the “Code”) to ensure that the firm’s officers, employees and independent contractors with access to non-public portfolio information (“Access Persons”) are aware of the fiduciary duty that they and the firm owe to Clients to place the interests of Clients above their own personal interests. The Code addresses potential conflicts of interest and sets forth policies and procedures applicable to all Access Persons regarding personal securities trading, receipt and provision of gifts and entertainment and involvement in outside activities.

Cushing and its professionals may come into contact with material, non-public information in connection with their advisory and portfolio management activities. In addition, certain Cushing investment professionals serve as directors of the publicly and privately held companies whose securities are purchased for Cushing’s clients. Such persons may learn material non-public information concerning a company’s operations or securities offerings. The Code contains procedures designed to prevent the abuse of material, non-public information including, among other things, the use and maintenance of a restricted trading list. Cushing may be prevented from buying into or selling out of a position because of restrictions placed on trading due to this restricted trading policy. These restrictions could be detrimental to a Client Account because the Client Account may be prevented from buying a security whose price is rising or selling a security whose price is declining.

The Code restricts the personal securities transactions of all Access Persons. In general, the Code prohibits Access Persons from purchasing or selling a security if the Access Person has knowledge that the security is being purchased or sold or is being considered for purchase or sale by Cushing on behalf of a Client Account. The Code requires full disclosure of all brokerage accounts over which Access Persons have any beneficial interest. Except in limited circumstances, the Code requires that Access Persons obtain pre-approval of their personal securities trades (including initial public offerings and private placements) from the firm’s compliance department. The request for pre-clearance will be denied if (a) a transaction in the same issuer has been effected on behalf of a Client Account within the seven (7) days prior to the personal trade request or is contemplated as of the time of the compliance review of the request to occur within the next seven (7) days from the date of the trade request; (b) the issuer is included in the firm’s restricted list, or (c) the compliance department determines that the proposed transaction appears to pose a conflict of interest or otherwise appears improper.

All Access Persons must report their personal securities trades and holdings on a regular basis to the firm’s compliance department. In addition, all Access Persons are required to promptly report any violation or potential violation of the Code of which they are aware to the firm’s compliance department.

Cushing will provide a copy of its Code of Ethics at no charge to Clients and others upon request.

Participation in Client Transactions

In general, Cushing and its principals avoid engaging in securities transactions with Client Accounts. Cushing and its affiliates may invest in securities in which Cushing may have invested Client assets on a side by side basis, either directly or through special purpose vehicles. Cushing and its affiliates may purchase or sell such securities only contemporaneously with or after all Clients' purchase or sale of such securities, as the case may be.

In general, Cushing does not participate in principal transactions or cross transactions with Client Accounts. Cushing will engage in a principal transaction with a Client Account only if the proposed transaction is consistent with applicable Client investment guidelines and regulatory restrictions. Cushing will effect a cross transaction among two Client Accounts only in compliance with each Client's investment restrictions and applicable laws and regulations. Neither Cushing nor any related person involved in the trade will receive compensation for such trades.

Brokerage Practices

Broker Selection and Best Execution

Cushing has complete investment and brokerage discretion over transactions in Client Accounts. In selecting a broker for transactions in Client Accounts, Cushing uses its best judgment to choose the broker most capable of providing "best execution". As a general definition, "best execution" is the execution of Client Account trades at the best net results under the circumstances. Best execution requires the placement of trades in a manner that is intended to maximize the value of the Client Account's investment objectives. In seeking the best price and execution quality, traders consider not only the commission rate, spread or other compensation paid, but, among other things, the price at which the transaction is executed, speed of execution, ability to handle large trades or thinly traded issuers in a timely manner and customer responsiveness, bearing in mind that it may be in the Client Account's best interest to pay a higher commission, spread or other compensation in order to receive better execution.

Brokers are selected on the basis of an evaluation by Cushing of the overall value and quality of the brokerage services provided by such firms to Client Accounts. Cushing selects brokers for direct securities transactions based on a number of factors, including the following:

- the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any);
- the operational efficiency with which transactions are effected, taking into account the size of order and difficulty of execution;
- the financial strength, integrity and stability of the broker;
- the broker's risk in positioning a block of securities;

- the quality, comprehensiveness and frequency of available research services and other services considered by Cushing to be of value; and
- the competitiveness of commission rates in comparison with other brokers satisfying the Cushing's other selection criteria.

Research and Soft Dollar Benefits

Research and other products and services received from brokers may include both services generated internally by a broker's own research staff and services obtained by the broker from a third party research firm. Research services furnished by brokers may include written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts; statistics and pricing or appraisal services; discussions with research personnel; and invitations to attend conferences or meetings with management or industry consultants. Research services are used for all Client Accounts, even though certain Clients may not have paid direct commissions to the brokers who provided the research.

Cushing is party to "soft dollar" arrangements with one primary brokerage firm. Pursuant to this arrangement, the cost of certain research and other services and products used by Cushing or its affiliates is paid for with commissions generated by direct securities transactions through this brokerage firm for Client Accounts. Cushing receives a benefit because it does not have to produce or pay for the research services itself. Consequently, Cushing has an incentive to select this broker based on its desire to receive research services rather than a desire to obtain the most favorable execution in the Clients' best interest. It is Cushing's policy to retain the ability to pay higher prices for the purchase of securities from or accept lower prices for the sale of securities to brokerage firms that provide it with such investment and research information or to pay higher commissions to such firms if Cushing has determined that the broker is providing best execution based on the factors described in "Brokerage Practices" above. In the event that Cushing utilizes allocations of commission dollars, it will do so solely to pay for products or services that qualify as "research and brokerage services" within the meaning of Section 28(e) of the Securities Exchange Act of 1934.

Cushing does not have any commitments or understandings to trade with specific brokers or to generate a specified level of brokerage commission with a particular broker in order to receive brokerage or research services.

Directed Brokerage and Aggregated Trades

Cushing has a trade allocation policy that provides for aggregation of Client Account trades in a manner that treats each Client Account fairly. If Cushing has determined to invest in the same direction in the same security at the same time for more than one of its Client Accounts, it will generally place orders for all such accounts simultaneously. If all such orders are not filled at the same price, Cushing will, to the greatest extent possible, allocate the trades such that the order for each Client Account is filled at the same average price. Similarly, if an order on behalf of more than one Client Account cannot be fully executed under prevailing market conditions, Cushing will generally allocate the trades among the different accounts on a basis that it considers equitable.

A few of Cushing's Clients currently require or strongly suggest that trades be directed to a particular broker. In addition, when Cushing participates as an advisor in a Wrap Fee Program, the Wrap Fee Program sponsor typically directs all brokerage for Client Accounts managed through the Wrap Fee Program to be directed to the sponsor (or the broker it designates). Trades for Clients who direct brokerage for execution will not be combined with, and generally will be placed after, orders for the same securities for other Client Accounts managed by Cushing. Accordingly, directed trades may be subject to price movements, particularly in volatile markets, that may result in the Client receiving a price that is less favorable than the price obtained for other Client Accounts. Clients who may choose to direct Cushing to use a particular broker should be aware that such an arrangement could result in failure to achieve best execution in some transactions.

Review of Accounts

Portfolio managers perform periodic reviews of each Client Account to ensure consistency with Client objectives and restrictions. In addition, Cushing's compliance department monitors trading activity in Client Accounts to compare with regulatory and Client mandates.

Cushing issues periodic written reports to Clients. These reports generally include a discussion of investment performance along with data related to the Client Account. Investors in Private Funds receive quarterly statements containing statistical data regarding their account along with commentary highlighting the developments for the period.

Client Referrals and Other Compensation

From time to time, Cushing enters into agreements with unaffiliated broker-dealers or investment advisers regarding the solicitation and referral of Managed Account Clients or investors in Private Funds to Cushing for compensation. Cushing pays a percentage of the management fee and/or performance fee collected from the Client Account to a referring broker-dealer or investment adviser. To the extent that such compensation is deemed a solicitation fee, the compensation is disclosed in writing to the prospective Client or their authorized designees in accordance with applicable regulations.

Custody

Cushing does not provide custodial services to its Clients. All Client assets are held with "qualified custodians". Managed Account Clients receive statements directly from the qualified custodians on at least a quarterly basis. Such Clients are urged to carefully review custodian statements and compare the information with reports provided by Cushing. Information in reports provided by Cushing to Managed Account Clients may vary from custodial statements based on accounting procedures, reporting dates or valuation methodologies of certain securities.

Investors in Private Funds receive quarterly statements from Cushing and audited financial statements within 120 days following the end of the fund's fiscal year. Audited financial statements are prepared by

an independent accounting firm which is registered and subject to inspection by the Public Company Accounting Oversight Board.

Investment Discretion

Generally, Cushing is retained on a discretionary basis and has full authority to manage the assets in each Client Account. Cushing observes all investment limitations and restrictions that are outlined in each Client Account's investment management agreement and organizational documents. In addition, Cushing has relationships with two firms to provide investment advice on a non-discretionary basis (generally in the form of a model portfolio that is updated periodically).

Voting Client Securities

Cushing typically accepts authority to vote proxies on behalf of its Clients' Accounts. The major proxy-related issues generally fall within five categories:

- corporate governance,
- takeover defenses,
- compensation plans,
- capital structure, and
- social responsibility

Cushing will cast votes for proxies related to these matters on a case-by-case basis. Cushing will generally vote in favor of matters which follow an agreeable corporate strategic direction, support an ownership structure that enhances shareholder value without diluting management's accountability to shareholders and/or present compensation plans that are commensurate with enhanced manager performance and market practices.

If a proxy vote creates a material conflict between the interests of Cushing and a Client, Cushing will resolve the conflict before voting the proxy. Cushing will either disclose the conflict to the Client and obtain consent or take other steps designed to ensure that a decision to vote the proxy was based on Cushing's determination of the Client's best interest and not the product of the conflict. Cushing does not use third party proxy voting services.

A copy of Cushing's proxy voting policy is available to Clients upon request. Further, Clients may request a record of how proxies have been voted on their behalf.

Financial Information

Cushing is not required to provide a balance sheet for its most recent fiscal year, as it does not require or solicit prepayment of more than \$1,200 in fees per Client, six months or more in advance. Cushing has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has never been the subject of a bankruptcy proceeding.