



Item 1 – COVER PAGE

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PART 2A OF FORM ADV

March 31, 2017

This brochure provides information about the qualifications and business practices of The Mitchell Group, Inc. If you have any questions about the contents of this brochure, please contact us by phone at 713-759-2070 or by email at client@tmgenergy.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.

Additional information about The Mitchell Group, Inc. is also available on the SEC's website at www.adviserinfo.sec.gov.

The Mitchell Group, Inc. is a registered investment adviser. Registration as an investment adviser with the United States Securities and Exchange Commission does not imply any level of skill or training.

Item 2 – MATERIAL CHANGES

This brochure for The Mitchell Group, Inc., which is Part 2A of our Form ADV, was prepared in response to the requirements of the United States Securities and Exchange Commission (“SEC”). This brochure updates the brochure we filed with the SEC on March 30, 2016 and contains the material changes listed below. The list below contains only material changes that have occurred since the filing of our previous Form ADV Part 2A.

1. Item 4 – Advisory Business: Updated to reflect the formation of TMG Investment Fund, L.P., a pooled investment fund advised by The Mitchell Group.
2. Item 5 – Fees and Compensation: Updated to reflect the fee and billing structure applicable to investors in the TMG Investment Fund, L.P.
3. Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss: Information on risk factors has been expanded.
4. Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading: Updated to reflect revisions to our Code of Ethics, including inclusion of employee restrictions on short-term trading, excessive trading and purchasing publicly-traded securities of companies principally engaged in the energy industry.
5. Item 12 – Brokerage Practices: Updated to include additional information regarding aggregated orders, trade rotation and allocation of partially filled orders.
6. Item 13 – Review of Accounts: Updated to include information regarding materials distributed to investors in the TMG Investment Fund, L.P.
7. Item 15 – Custody: Updated to reflect the fact that The Mitchell Group is deemed to have custody over the assets held by the TMG Investment Fund, L.P.
8. Item 16 – Investment Discretion: Updated to include information regarding TMG Investment Fund, L.P.

A copy of this brochure may be obtained by contacting Debi Stephens by phone at (713) 759-2070 or by email at client@tmgenergy.com. Upon request, The Mitchell Group, Inc. will provide you with a new copy of this brochure at any time without charge.

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Item 4 – ADVISORY BUSINESS

The Mitchell Group, Inc. (the “Company”) is a Delaware corporation that was formed on September 13, 1989 and has acted as an investment adviser since October 1989. The Company’s primary goal is to achieve client objectives by providing consistently attractive rates of return while minimizing risk. The Company’s advice is limited to investments in securities (including exchange-listed equity securities, equity securities traded over-the-counter, equity securities issued by foreign issuers, warrants, corporate debt securities and options contracts on securities) of companies involved in the energy industry and related industries.

The Company provides discretionary investment advisory services to (i) TMG Investment Fund, L.P., a pooled investment fund (the “Fund”), and (ii) separately managed accounts (“SMAs”) held by high net worth individuals, trusts, endowments, pension plans, charitable organizations, insurance companies, pooled investment vehicles, corporations and other businesses. The Company also provides investment services to an investment company client on a non-discretionary basis.

The Fund is organized as a Delaware limited partnership. In addition to serving as the investment adviser to the Fund, the Company is also the Fund’s general partner. The investment objective and strategy of the Fund are set forth in the Private Placement Memorandum that is given to all investors in the Fund prior to their subscription for a limited partner interest in the Fund. The Company manages the Fund based on the investment objectives, strategies, restrictions and guidelines set forth in the Private Placement Memorandum and does not tailor its investment services to any particular investor in the Fund. The Fund’s independent third-party administrator provides each investor in the Fund with a monthly investment statement.

Each SMA client may establish client-specific portfolio objectives either in its investment advisory agreement with the Company or during discussions with representatives of the Company. SMA clients may also impose restrictions on investing in certain securities or types of securities and are responsible for informing the Company of all applicable statutory and regulatory provisions governing the client’s investments. Once established, client-specific investment restrictions are rigorously followed. Periodic meetings with SMA clients are encouraged, and portfolio managers are available for telephone consultation at any time. SMA clients are provided with quarterly or interim reports summarizing investment performance, transactions and position holdings (including cost and market value of each security held in their portfolios).

At the close of business on December 31, 2016, the Company managed assets valued at approximately \$1,014,631,055. As of that date, \$923,230,667 of these assets were managed on a discretionary basis and \$91,400,388 of these assets were managed on a non-discretionary basis.

97.1% of the outstanding shares of the Company are owned and/or controlled by the Company’s directors and employees. While no individual person or entity owns 25.0% or more of the outstanding shares of the Company, Bradley W. Mitchell, the President of the Company, does have voting control with respect to 59.9% of the outstanding shares, primarily as trustee of five family trusts, each of which owns shares of the Company.

The Company makes an effort to consider risks associated with investing. These include, but are not limited to, liquidity, volatility, credit, operational, commodity and market risk. However, the Company makes no representation that it can protect an SMA client or an investor in the Fund

from any or all risks associated with investing. The Company is not a guarantor of value or performance and, except for fraud, gross negligence, willful misconduct or violation of applicable law, neither the Company nor any of its shareholders, officers, directors or employees shall be liable for any action performed or omitted to be performed or any errors of judgment in managing a client's account. Nothing herein shall in any way constitute a waiver or limitation on any rights that a client may have under federal and/or state law.

Item 5 – FEES AND COMPENSATION

The Company charges a quarterly management fee for its services as an investment adviser. This fee is a percentage of the value of the assets under management. There is no minimum fee. The annualized basic fee schedule is as follows:

<u>Assets Under Management</u>	<u>Percentage</u>
First \$40 million	1.00% per annum
Next \$60 million	0.75% per annum
Thereafter	0.60% per annum

Under the terms of the Company's current form of investment advisory agreement for SMA clients, the quarterly management fee is billed at the end of each calendar quarter for services rendered during the quarter. The fee is calculated using the market value of all cash and investments held in each SMA account on the last business day of the quarter. If an account is managed for less than a quarter, the fee is calculated and reduced on a pro rata basis.

Under the terms of the Company's previous form of investment advisory agreement for SMA clients and upon the request of a SMA client, the quarterly management fee is billed at the beginning of each calendar quarter for services to be rendered during the quarter. The fee for such clients is calculated using the market value of all cash and investments held in the SMA account on the last business day of the previous quarter. If a SMA client that prepays its fees terminates its investment advisory agreement with the Company, the unearned fee will be rebated to the client on a pro rata basis based on the date that the investment advisory agreement formally terminated.

SMA clients are billed quarterly for management fees by the Company, and such fees are payable by the client upon receipt of our invoice. The Company does not deduct its fees from SMA clients' assets, though some of the Company's SMA clients elect to have their fees paid directly by the client's custodian out of their assets.

Fees for SMA clients do not include any brokerage commissions, custodial fees, banks fees, margin interest, national securities exchange fees, wire transfer fees or other costs or fees charged by a client's broker or custodian. All of these fees are paid directly by SMA clients. Please see *Item 12: Brokerage Practices* below for additional information about brokerage. If a mutual fund, including a money market mutual fund, in which the client's SMA account is invested charges a fee or expense, such fees and expenses will be borne by the client and will be in addition to the management fees charged by the Company.

Under the terms of the Fund's limited partnership agreement, management fees are automatically deducted from capital accounts of the Fund's investors and paid monthly in arrears. The management fee is calculated based on the investors capital account balance. Each Fund investor will also bear a pro rata portion of the normal recurring day-to-day expenses of the Fund and its operations, including but not limited to brokerage, legal, audit, custodial, administration, tax preparation and accounting fees and expenses. In addition, the investors in the Fund may incur withholding taxes, taxes imposed on transfers and/or governmental, regulatory, licensing,

filing or registration fees in compliance with the rules of any self-regulatory organization or any federal, state or local laws.

Although the Company has established the aforementioned management fee schedule, it retains the discretion to negotiate alternative management fees on a client-by-client or investor-by-investor basis. Client or investor facts, circumstances and needs are considered in determining the management fee schedule. These include, among other things, the amount of assets placed under management, anticipated future additional assets, related accounts, portfolio style and reporting requirements. The specific annual management fee schedule for each client is identified either (i) in the written investment advisory agreement between the Company and a SMA client or (ii) the Fund's Private Placement Memorandum, organizational documents and/or a separate side letter between the Company and an investor in the Fund. Subject to certain limited exceptions, the Company may vary the management fee paid by any particular SMA client or Fund investor without notice to other SMA clients and/or Fund investors.

Each SMA client may generally terminate its investment adviser contract with the Company at any time and for any reason upon delivery of 30 days written notice. Each investor in the Fund may generally withdraw its investment in the Fund for any reason at the end of each month with at least 45 calendar days' prior written notice.

Item 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

The Company does not charge or accept any performance-based fees or fees based on a share of capital gains or capital appreciation of client assets.

Item 7 – TYPES OF CLIENTS

The Company currently provides investment advisory services to the following types of clients in separately managed accounts:

- High net worth individuals;
- Trusts;
- Endowments;
- Pension plans;
- Charitable organizations;
- Insurance companies;
- Pooled investment funds;
- Investment companies; and
- Corporations and other businesses not listed above.

The Company generally requires a minimum account size of \$5,000,000 for a SMA client and a minimum capital contribution of \$500,000 for an investor in the Fund. Under certain circumstances, the Company may choose to waive these minimum amount requirements.

This firm brochure is not an offer to invest in the Fund.

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

The Company's analysis incorporates a top down economic analysis and a bottom up security analysis. The Company generates research internally and receives economic, geopolitical, energy supply and demand, and company specific research from a variety of external providers. Security analysis methods include bottom up fundamental analysis, cyclical analysis and technical analysis. Primary reliance is upon fundamental analysis, focused on the subject company's internal condition and external environment, however, economic analysis, particularly of international conditions and trends, energy industry analysis and evaluation of geopolitical trends are also employed. The main sources of information that the Company uses include energy industry specific reports by a variety of providers, company specific presentations, Securities and Exchange Commission filings, financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate rating services and issuer press releases.

The investment strategies used to implement any investment advice given to clients include long-term purchases (securities held for at least a year), short-term purchases (securities sold within a year) and trading (securities sold within 30 days). Every investment strategy has its own inherent risk and limitations. For example, longer term investment strategies may require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require less investment time to potentially develop but, as a result of more frequent trading, incur higher transactional cost when compared to a longer term investment strategy. Trading, an investment strategy that involves a holding period of 30 days or less, will incur higher fees for more frequent transaction costs when compared to a short-term or a long-term investment strategy.

Although all of the methods of analysis and investment strategies and techniques described above are used by the Company, the Company primarily relies on fundamental analysis and generally holds securities for the long term (i.e., more than one year).

Material Risks

Investing in securities of companies involved in the energy industry and related industries is speculative and involves certain risks. The Company makes an effort to consider the relevant risks associated with energy investing. These include, but are not limited to, liquidity, volatility, credit, operational, commodity and market risks. Clients and investors should understand that the performance of any investment is subject to numerous factors that are not within the control of the Company and/or cannot be predicted. The list below does not purport to be exhaustive of the risks involved in an investment in a SMA account managed by the Company or the Fund. Prospective investors are urged to consult their professional advisors and review the legal documents and diligence materials (e.g., Private Placement Memorandum, investment advisory agreement, etc.) related to the relevant Fund or SMA account before deciding to invest.

Investment Judgment; Market Risk. The performance of each client's account depends to a great extent upon correctly assessing the future course of the price movements of securities and other investments. There can be no assurance that the Company will be able to predict accurately

these price movements. With respect to the investment strategy utilized by the Company, there is always some, and occasionally a significant, degree of market risk.

General Investment and Trading Risks. All investments in securities and other financial instruments with the Company involve a high degree of risk, including that the entire investment may be lost. No guarantee or representation is made that the Company's investments will be successful or that a client or investor will not lose money. Investment results may vary substantially over time.

Reliance on Key Personnel. The Company's investment advice depends on the judgment and analysis of its key investment professionals. Should any of the key investment professionals terminate their relationship with the Company, die or become otherwise incapacitated for a period of time, client and investor accounts may be negatively impacted.

Equity Securities Risk. The value of equity securities held by SMA clients and the Fund may significantly decrease in value due to changes in a company's financial condition, in response to adverse political, regulatory, market or economic developments affecting the company, its industry or the markets generally, or for other reasons. There is no assurance that equity securities held by SMA clients and the Fund will not lose their value.

Cash Position Risk. To the extent that SMA clients and the Fund holds assets in cash and cash equivalents and not in specific investments, the ability of SMA clients and the Fund to meet their investment objectives may be limited.

Portfolio Focus on Single Industry Sector. The Company expects to invest exclusively in publicly-held companies that are significantly engaged in the energy industry and related industries. Accordingly, the Company could have large amounts of assets invested in a very small number of companies or industries or types of investment. Such lack of diversification and concentration on a single industry substantially increases market risks and the risk of loss associated with an investment with the Company.

Energy Markets. The Company will concentrate its investments in publicly-traded companies whose performance is highly correlated with the energy markets. Energy markets may be subject to short-term volatility due to a variety of factors, including weather, international political and economic developments, breakdowns in the facilities for the production, storage or transport of energy and energy-related products, acts of terrorism, changes in government regulation and sudden changes in commodity prices. The Company's investments may be affected to a greater extent by any of these developments than would be the case with a more diversified portfolio of investments.

Risks Inherent to Investment in E&P Companies. The Company generally invests a significant portion of the Fund and its SMA clients' assets in equity securities of energy sector companies with exploration and production activities. Any negative market development in the energy sector, particularly related to volatility in oil and gas prices and economic and political conditions in oil and gas producing regions of the world, could have a material adverse effect on these investments.

Small and Mid-Cap Stocks. Investments in small and mid-capitalization stocks involve greater risk than is customarily associated with larger, more established companies. These companies often have sales and earnings growth rates that exceed those of large companies. Such growth rates may in turn be reflected in more rapid share price appreciation. However, smaller companies often have limited product lines, markets or financial resources, and they may be dependent upon one-person management. These securities may have less marketability and may be subject to more abrupt or erratic movements in price than securities of larger companies or the market averages in general.

Canadian Securities. Investments in Canadian securities involve certain factors not typically associated with investing in U.S. securities, such as risks relating to (i) currency exchange matters, including fluctuations in the rate of exchange between the U.S. dollar (the currency in which the books of the Fund are maintained) and the Canadian dollar and costs associated with conversion of investment principal and income from one currency into another; (ii) differences between the U.S. and Canadian securities markets, including the potential absence of uniform accounting, auditing and financial reporting standards and practices and disclosure requirements, and less government supervision and regulation; (iii) political, social or economic instability; and (iv) imposition of foreign income, withholding or other taxes.

Volatility. The prices of securities may be volatile. Market movements are difficult to predict and are influenced by, among other things: governmental trade, fiscal, monetary and exchange control programs and policies; changing supply and demand relationships; national and international political and economic events; changes in interest rates; and the inherent volatility of markets. In addition, governments from time to time intervene, directly and by regulation in certain markets, often with the intent to influence prices directly. The effects of governmental intervention may at certain times be particularly significant in the financial instrument and currency markets, and such intervention (as well as other factors) may cause markets to move rapidly.

THE LIST OF RISK FACTORS ABOVE DOES NOT PURPORT TO BE EXHAUSTIVE. THERE MAY BE ADDITIONAL RISKS ASSOCIATED WITH THE COMPANY'S INVESTMENT ANALYSIS AND INVESTMENT STRATEGIES, OR WITH INVESTING IN GENERAL.

Item 9 – DISCIPLINARY INFORMATION

The Company is required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of its advisory business or the integrity of its management. Neither the Company nor any of its management persons have any legal or disciplinary events to disclose.

Item 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Neither the Company nor any management person of the Company is registered (or has an application pending) as a securities broker-dealer or a registered representative of a broker-dealer. Neither the Company nor any management person of the Company is registered (or has an application pending) as a futures commission merchant, commodity pool operator or commodity trading adviser or an associated person of any of the foregoing entities.

There are no arrangements that are material to the advisory business of the Company or its clients with any related person of the Company who is a broker-dealer, municipal securities dealer, government securities dealer or broker, investment company, unit investment trust, other investment adviser, financial planning firm, commodity pool operator, commodity trading adviser or futures commission merchant, banking or thrift institution, accounting firm, law firm, insurance company or agency, pension consultant or real estate broker or dealer.

The Company serves as the general partner of TMG Investment Fund, L.P., a pooled investment vehicle formed as a Delaware limited partnership. TMG Investment Fund, L.P. is a related person of the Company.

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

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

The Company has adopted a Code of Ethics, which sets forth standards of business conduct required of all Company employees. The Code of Ethics is primarily designed to educate employees about the Company's duty of loyalty, fairness and good faith towards its clients, encourage employees to comply with applicable laws and address conflicts of interest that arise from personal trading by Company employees. The Code of Ethics includes policies and procedures requiring the review of employee brokerage statements for personal accounts on a quarterly basis. Such statements as well as initial and annual employee securities holdings reports must be submitted to the Company's Chief Compliance Officer (CCO) for review. Subject to certain limited exceptions, the Code of Ethics also requires written preclearance of all securities transactions in an employee's personal account as well as an employee's acquisition of securities in a limited offering (*e.g.*, private placement) or an initial public offering. The Code of Ethics forbids all employees from trading securities on the Company's employee restricted stock list or participating in short-term or excessive trading in their personal accounts. The Code of Ethics also includes oversight, enforcement and recordkeeping provisions. Annually, employees must certify that they will follow the Code of Ethics and that they have disclosed all of their personal accounts to the Company and have instructed all of their custodians to supply the Company with duplicate copies of their monthly and/or quarterly brokerage account statements.

Company employees and related persons may buy or sell securities in their personal accounts which are purchased for, or recommended to, clients or investors in the Fund. This can create potential conflicts of interests. To minimize these conflicts, certain employees, including the Company's President, Chief Compliance Officer, Chief Investment Officer, Portfolio Managers and Research Analysts, are generally prohibited from purchasing publicly-traded securities (debt or equity) of companies principally engaged in the energy industry. In addition, the Company maintains an employee restricted stock list, which contains a list of securities under consideration by the investment team for purchase or sale. To ensure that employees do not purchase or sell any securities on the employee restricted stock list, Company employees are required (subject to limited exceptions) to preclear all trades for their personal accounts with the CCO.

Neither the Company nor any affiliate of the Company act as principal in client account transactions.

The Company will furnish a copy of its Code of Ethics to SMA clients, investors in the Fund and prospective clients upon request. To request a copy, email client@tmgenergy.com or call (713) 759-2070.

Item 12 – BROKERAGE PRACTICES

The Company is responsible for broker-dealer selection unless otherwise directed by a SMA client in writing. The Company will endeavor to select those broker-dealers which will provide best execution for clients. In making these decisions, the Company considers a number of factors, including, but not limited to, the following: commission rates, execution capability, reputation, financial strength and stability, operational reliability, quality of research, efficiency of execution and error resolution and trading capabilities of specific broker-dealers as well as the size and difficulty of the order. Research, statistical data and other services provided by a particular broker-dealer may be utilized to the advantage of other client accounts that do not pay for that research. In exchange for these services, the Company may pay commission rates that are higher than may be obtained from other broker-dealers. Each broker-dealer is evaluated on a periodic basis based on the criteria set forth above. The decision to use a particular broker-dealer is never based solely on the research, statistical or other services provided by that broker-dealer to the Company.

Consistent with obtaining best execution for clients, the Company may direct brokerage transactions for clients' portfolios to broker-dealers who provide research and brokerage services to the Company and, indirectly, to the Company's clients. These services are of the type described in Section 28(e) of the Securities Exchange Act of 1934, as amended, and are designed to augment the Company's own internal research and investment capabilities. Client commissions paid to a "soft dollar" broker-dealer can earn "soft dollars" for the Company, whereby the Company can obtain or purchase research and brokerage products for the management of all Company client accounts. Services obtained through the use of "soft dollars" may be internally developed by the relevant broker-dealer or by third-parties which are paid directly by the broker-dealer on behalf of the Company. The Company does not attempt to put a specific dollar value on the services received or to allocate the relative costs or benefits of those services among clients, believing that the research received will help the Company fulfill its duty to all Company clients. The Company may not use each particular product to service each client account. In these situations, a Company client pays commissions that are used, in part, to purchase research or brokerage services that are not used to benefit its specific client account.

When the Company uses client brokerage commissions to obtain research or brokerage services, it receives a benefit to the extent that the Company does not have to produce these products internally or compensate third-parties with its own money for the delivery of these services. These benefits can create a conflict of interest that would incentivize the Company to select broker-dealers based on the value of the services they provide to the Company, rather than based on our clients' interest in receiving most favorable execution.

Within the last fiscal year, the Company has obtained the following products and services on a "soft-dollar" basis:

- Quotation services (including Bloomberg terminals) with related exchange fees;
- Trade clearance and settlement services;

- Economic, technical and statistical research relating to the energy industry and macroeconomic conditions; and
- Publications, research materials and periodicals relating directly to the energy industry and energy companies.

Some SMA clients request directed brokerage for trades affected in their account. Directed brokerage is whenever a client requests that trades be executed by a specific broker-dealer. In such cases, the client will negotiate terms directly with the specified broker-dealer, and the Company will not seek better execution services or prices from other broker-dealers and will be unable to “batch” the client’s trades with trades made on behalf of the Company’s other clients. As a result, a client that directs brokerage with respect to their account may pay higher commissions or other transaction costs or receive less favorable net prices on transactions for their account. Since directed brokerage reduce the Company’s ability to seek best execution for client transactions, directly trades are routinely executed after the trades of clients who give the Company full authority to choose brokers for their trades (see below for more information regarding the Company’s trade rotation policies). Client should consider this policy when directing the Company to place trades through a specific broker.

In addition, since batched orders are generally traded first under the Company’s trade rotation policy (see below), execution of directed trades will often be delayed until a batched order is filled.

Orders are aggregated or “batched” when the Company combines orders for multiple clients for the purchase or sale of a single security at or about the same time with the same executing broker. The Company generally follows the guidelines set forth below in aggregating or “batching” client orders at the same executing broker:

- each client that participates in an aggregated order will participate at the average share price and transaction costs will be shared pro rata based on each client’s participation in the aggregated order;
- if the aggregated order is filled in its entirety, it will be allocated among clients in accordance with the trade ticket; and
- if the aggregated order is partially filled, it will be allocated among clients pro rata based on the trade tickets, subject to the limited exception set forth below.

Notwithstanding the foregoing, an aggregated order that is filled in its entirety may be allocated following execution on a basis different from that specified in the trade ticket if the reason for the different allocation is explained in writing and approved by the CCO no later than the end of the day on which the order was executed. Reasons for allocation on a basis different from that specified in the trade ticket may include an unexpected client withdrawal or client contribution, client termination, change to a client’s restricted stock list, temporary freeze of a client’s account or avoidance of small or odd lots.

The Company will attempt to aggregate or “batch” orders for the purchase or sale of a particular security on behalf of various clients whenever it is possible and advantageous to clients. It is the policy of the Company to allocate aggregated or “batched” orders among participating clients on a fair and equitable basis. In the vast majority of cases, this generally means that clients will participate at the average share price, share transaction costs on a pro rata basis and receive a pro rata allocation of partially filled orders based on the trade ticket. Occasionally, exceptions to the pro rata allocation rule may be made when doing so would avoid allocating small, odd lots to smaller accounts. Generally, this is only an issue when either a small percentage or a large percentage of an order is filled by the end of the day. For example, when a small percentage is filled, the Company may allocate all of the shares to a limited number of larger accounts to avoid allocating small, odd lots to the Company’s smaller accounts. Conversely, when a large percentage of a trade is filled, the Company may give a full allocation to all of the Company’s smaller accounts and partial allocations to a limited number of the Company’s larger accounts. Such an allocation avoids having to fill in the smaller accounts with small, odd lots when the trade is completed.

The Company processes trades on a first-in, first-out basis unless there are multiple orders in the same security at or about the same time with the same executing broker. In such cases, the Company may determine that orders should be aggregated or “batched” for the benefit of the Company’s clients. If trades are aggregated, the Company utilizes a trade rotation policy that seeks to execute the securities transactions of its clients in a fair and equitable manner. The Company will first aggregate and execute the orders for clients for which the Company has discretionary authority to choose the broker used to execute client trades. Once the aggregated order has been completed, the Company will execute orders for its directed accounts sequentially in a pre-determined, rotating order. Once the orders for the directed accounts have been completed, the Company will provide trade instructions to clients who receive non-discretionary advisory services from the Company sequentially in a pre-determined rotating order.

Occasionally, the Company will purchase for clients securities issued in initial public offerings (“IPOs”). The Company attempts to allocate securities issued in IPOs among those clients for whom such investments are appropriate in a fair and equitable manner taking into account a client’s investment strategy; a client’s investment guidelines and any restrictions placed on a client’s account by the client or by virtue of federal or state law (such as the Employee Retirement Income Security Act of 1974, as amended); a client’s current cash position; the position size of similar companies in the portfolio; timing of contributions and withdrawals; the need for account liquidity; and any other information determined to be relevant to the fair allocation of investment opportunities.

Item 13 – REVIEW OF ACCOUNTS

While the underlying securities held in client accounts are continuously monitored, individual client accounts are reviewed at least monthly by Doug Hohertz (Chief Investment Officer) and/or Anthony Montano (Vice President—Investments) for asset allocation, cash position and securities holdings. Each account is reviewed in the context of client's investment objectives and guidelines as well as any specific client portfolio constraints. More frequent reviews may be triggered by material changes in, among other things, client's investment objectives and/or guidelines, macroeconomic or energy industry outlook, market conditions, energy prices, domestic or international political risks or company earnings or outlook.

A written report is provided to each SMA client after the end of each calendar quarter. This report summarizes investment performance, transactions and position holdings (including cost and market value of each security held in the portfolio). In addition, a written investment letter is prepared and provided quarterly to each SMA client and investor in the Fund. Certain of the Company's clients receive more frequent and/or more detailed periodic reports.

The Fund's independent third-party administrator will provide each investor in the Fund with a written monthly investment statement. As soon as practicable after the end of each taxable year, each investor in the Fund will also receive a written annual report containing financial statements examined by the Fund's independent auditors. In addition, each investor in the Fund will receive such tax information as is necessary for the investor to complete its federal and state income tax returns as well as any other tax information required by law.

Item 14 – CLIENT REFERRALS AND OTHER COMPENSATION

The Company has numerous sources of client referrals, including current clients, business associates and other advisory firms. The Company does not offer or accept any form of compensation for referrals of prospective SMA clients or investors in the Fund.

Item 15 – CUSTODY

The Company does not have custody over any SMA client assets or provide any custodial services for these clients. The Company requires that a qualified custodian, usually a bank or brokerage firm, maintain custody over all SMA assets managed by the Company.

Before the Company will execute any trades on behalf of a SMA client, the client must first establish an account with a qualified custodian. If a SMA client needs assistance in selecting a custodian, the Company will make suggestions, taking into consideration, among other things, the cost and the perceived quality of the custodial services.

The Company urges every SMA client to compare the quarterly report provided by the Company with the account statement received from the client's qualified custodian to verify that all account transactions, holdings and values are accurate. The Company urges every SMA client to notify it immediately if they find discrepancies between the Company's report and the custodian's account statement. For tax purposes, the account statement a SMA client receives from their custodian is the official record of transactions undertaken by, and securities held in, the client's account.

Under Rule 206(4)-2 of the Investment Advisers Act of 1940, as amended, the Company is deemed to have custody of the assets held by the Fund on behalf of its investors. The Company utilizes the services of an unaffiliated bank and a qualified custodian to hold all assets of the Fund.

To ensure compliance with Rule 206(4)-2 of the Investment Advisers Act of 1940, as amended, the Company is required to provide each investor in the Fund with an audited financial statement within 120 days of the end of the Fund's fiscal year. The audited financial statement must be prepared in accordance with U.S. Generally Accepted Accounting Principles by an independent accounting firm that is registered with, and subject to review by, the Public Company Account Oversight Board. Upon liquidation, the Fund will distribute a final audited financial statement to each investor in the Fund promptly after the completion of the final audit.

Item 16 – INVESTMENT DISCRETION

Before accepting subscriptions for interests in the Fund, the Company provides all potential investors in the Fund with a Private Placement Memorandum that sets forth, in detail, the Fund's investment strategy and program. The Fund's Private Placement Memorandum and limited partnership agreement permit the Company to manage and trade the Fund's assets on a fully discretionary basis. By completing the subscription documents to acquire a limited partner interest in the Fund, investors give the Company complete authority to manage their investments in the Fund in accordance with the Private Placement Memorandum they have previously received.

The Company will agree to manage SMA client assets on a fully discretionary basis. With the exception of one non-discretionary client, as of December 31, 2016, all of our clients (including the Fund) had granted the Company full discretionary authority to manage the investment of the assets in their accounts.

Before the Company assumes discretionary authority of a SMA account, the Company and the client must execute an investment advisory agreement. The investment advisory agreement includes:

- A statement of the Company's appointment as investment manager;
- A summary of the duties and powers of the Company as investment manager, including discretionary authority;
- A description of the duties of the client, including advising the Company of investment objectives, guidelines and restrictions; and
- Other pertinent information, including matters relating to compensation and termination.

The Company's investment advisory agreement permits the Company to manage and trade the SMA clients' assets on a fully discretionary basis. Custodians often ask the client and the Company to sign limited or special powers of attorney explicitly giving these rights to the Company.

With full discretionary authority, the Company is permitted to take a number of actions without obtaining a client's consent, including the following actions:

- Choosing which securities to buy or sell;
- Determining the total amount of securities to buy or sell, subject to available funds;
- Selecting the broker-dealer through which to buy or sell securities; and
- Negotiating with the selected broker-dealers regarding commission rates for securities transactions.

Unless a SMA client notifies the Company in writing of specific restrictions, the investments made on behalf of the client are considered unrestricted. The Company manages a number of SMAs with client instructions that prohibit holding certain securities or types of securities or that limit weightings in individual sectors or securities or that prohibit holding cash in excess of

certain thresholds. These restrictions must be provided to the Company in writing either as part of the investment advisory agreement or in a separate document. SMA clients may change/amend these restriction at any time upon written notice to the Company.

In certain instances, the Company's discretion to determine the broker-dealer through which SMA client securities are bought or sold is limited due to arrangements entered into by the client or directions from the client. For example, the client may direct the Company to use a particular broker-dealer to purchase or sell securities in the client's account. The Company does not permits investors in the Fund to direct the Company to execute transactions through a particular broker-dealer. For a discussion of the Company's policies and procedures in these instances, please refer to *Item 12: Brokerage Practices*.

Generally, the Company limits the investments that it makes to securities issued by companies operating in the energy industry and related fields.

Item 17 – VOTING CLIENT SECURITIES

The Company generally votes proxies with respect to the securities held in client accounts. However, SMA clients always have the right to vote their proxies. These clients can exercise this right by instructing the Company in writing to not vote proxies in their account or by contacting their custodian and/or broker-dealer in order to arrange to vote their account proxies.

With respect to proxies it does vote, the Company has adopted a policy of voting all proxies in accordance with its best judgment concerning the economic long-term best interests of the client owning the securities. To avoid any conflict of interest, Company employees are prohibited from participating in the proxy voting process with respect to any security if that employee (i) is an officer or director of the issuer of that security, (ii) beneficially owns 5% or more of the outstanding securities of any class of the issuer of that security or (iii) is otherwise interested in any way (other than beneficial ownership of less than 5% of the outstanding securities of any class of the issuer of that security) in the outcome of the vote to be held with respect to that security.

The decision making process with respect to the voting of proxies by the Company is based primarily on a review of the particular proxy statement by the analyst who is responsible for the research coverage of that issuer. Upon completion of the review, the analyst determines how the proxy vote should be cast. In deciding how to vote proxies, the Company relies, for the most part, on (i) the business judgment of the issuer's management and directors and (ii) the fiduciary responsibilities that the issuer's directors have with respect to the issuer's shareholders. If the Company does not have confidence in the management and directors of an issuer, generally, the Company will dispose of holdings of securities of that issuer. However, when the Company determines, based upon the information available to it, that management's recommendations do not appear to be in the best interests of the issuer's shareholders, management's recommendations will not be followed in voting the proxies.

As part of its Proxy Policy, the Company (i) retains copies of its Proxy Policy and proxy voting procedures, (ii) retains or causes to be retained copies of all proxy statements received regarding client securities, (iii) retains or causes to be retained records of votes cast on behalf of clients, (iv) retains records of all client requests for proxy voting information and (v) retains any documents prepared by the Company that were material to deciding how to vote, or that constituted the basis for the decision. The requirement to retain copies of proxy statements shall be satisfied by obtaining a copy of the relevant proxy statement from the EDGAR system. The Company generally satisfies the requirement of retaining records of votes cast through the use of a third party to make and retain, on the Company's behalf, a record of the votes cast.

This Proxy Policy, as well as information on how the Company has voted with respect to securities held by clients, is available to SMA clients and investors in the Fund. A client or investor may obtain a copy of the Company's Proxy Policy and/or information related to the vote cast by the Company with respect to securities held by that client or investor at any time by calling 713-759-2070 or by emailing at client@tmgenenergy.com.

Item 18 – FINANCIAL INFORMATION

The Company is well capitalized and has no financial commitments or impairments that would prevent it from meeting all of its contractual and fiduciary commitments to clients. The Company has never been the subject of a bankruptcy proceeding.