

PA Management LLC
Form ADV Part 2A – Disclosure Brochure
November 18, 2019

PA Management, LLC
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This brochure provides information about the qualifications and business practices of PA Management LLC. If you have any questions about the contents of this brochure, please contact our Chief Compliance Officer, at (713) 970-1009. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

You can find more information about us at the SEC’s website www.adviserinfo.sec.gov.

Item 2 – Material Changes

PA Management, LLC has the following material changes to report. Material changes relate to PA Management, LLC's policies, practices or conflicts of interests.

- PA Management, LLC has updated Items 5 & 6 to disclose Performance – based fees.
- PA Management, LLC may also be deemed to have custody over the funds and securities invested in pooled investment vehicles it that PA Management manages. (Item 15)
- PA Management and its associated persons may have material financial interests in issuers of securities that PA Management may recommend for purchase or sale by clients.(Item 11)
- PA Management has updated Item 10 to disclose Mr. Collaso's outside business activities and affiliations.

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Item 4 – Advisory Business

The Company

PA Management LLC (“we,” “us” or “PA Management”) is an investment adviser registered with the SEC.¹ PA Management was founded in January of 2018 by its three managing members, Vincent Collaso, Paul Hudson, Cody Jones (the “Managing Members”). We are headquartered in Houston, Texas.

Advisory Services

Our Services

PA Management provides investment advisory services to PetroAlpha Energy Principal Protected Return Fund I, LP (the “Fund”). The Fund’s investment objective is to create principal protected investments with a specific preferred return using current income and the potential for long-term capital appreciation by participating in oil and gas commodity price appreciation.

The Fund deploys its investment strategy by investing substantially all of its assets through a “master-feeder” fund structure in PetroAlpha Energy Principal Protected Return Master Fund I, L.P., a Cayman Islands exempted limited partnership (the “Master Fund”). The Fund is a limited partner of the Master Fund. PetroAlpha Energy Principal Protected Return Offshore Fund I, LP, a Cayman Islands exempted limited partnership (the “Offshore Feeder”), also invests through the Master Fund. Both of the Master Fund and the Offshore Feeder are also managed by PA Management and use the same investment objective and strategy as that of the Fund.

The Fund seeks to achieve its investment objective by investing substantially all of its assets for the purposes of: (i) lending money to certain existing oil and gas well producers whose reserves are classified as Proved Reserves (as defined herein); and, (ii) making direct equity and royalty interest investments in certain oil and gas producers. We provide investment advice only with respect to the foregoing investments.

More about our firm’s investment strategies and the risks involved can be found under Item 8 of this brochure.

Investment Restrictions

Our advice is tailored to meet the needs of the Fund. Underlying investors may not request in writing that we refrain from investing in certain industries or in securities of issuers, and we do not tailor our advisory services based on our analysis of the individual needs of underlying investors.

¹ Registration as an investment adviser does not imply a certain level of skill or training.

Assets Under Management

As of December 31, 2018, we have no assets under management. Client assets managed by us are managed on a discretionary basis.

Item 5 – Fees and Compensation

Amount of Our Fees

Annual Management Fee

Our annual standard management fee for the Fund is 2.0% of the assets managed for the Fund. That fee is negotiable. Some underlying investors may pay more or less than others depending on certain factors, including the type and size of the account and the total amount of assets managed for a group of related investors.

Our management fee is paid as follows: Upon initial investment, management fee is paid for the first twelve months and is deducted from the Fund's assets. For years 2 forward, the fee is paid in advance at the beginning of each quarter and is deducted from the fund's assets. Our management fee is based on the value of the assets managed at the beginning of the applicable quarter. We do not make adjustments to the quarterly fee due to assets added or withdrawn during a quarter. If our advisory agreement begins during a quarter, we will prorate the fee for the initial partial quarter, based on the number of days from the beginning of the agreement until the end of the initial quarter. If there is not enough cash in the account to pay our fee, we may sell some Fund assets to pay the fee.

Our advisory agreement with the Fund may be terminated on [] days' written notice by us or the Fund's General Partner. If the agreement with us terminates during a quarter, we will refund a pro rata portion of the fee paid for that quarter, based on the number of days between the end of the []-day notice period and the end of the quarter.

Share of Distributable Cash

The Fund's General Partner, PetroAlpha Energy LLC (the "General Partner"), is affiliated with PA Management. In addition to the management fee received by us, the General Partner shares in a portion of the excess of the sum of all cash receipts of all kinds over cash disbursements (or reserves therefor) for partnership expenses, liabilities or other obligations ("Distributable Cash") held by the Fund from the disposition of the Fund's portfolio investments ("Portfolio Investments") representing a return of capital contributions.

Distributable Cash attributable to any Portfolio Investment shall initially be apportioned among the partners in the Master Fund (including the General Partner) in proportion to their respective capital contributions to such Portfolio Investment and distributed as follows. With respect to items (iii)-(iv) below, each of the Fund's and Offshore Feeder's underlying partner accounts shall be considered and calculated separately, such that the Distributable Cash to be allocated to each such underlying partner can be provided:

(i) *5% Preferred Return.* First, 100% to each partner until such partner has received cumulative distribution equal to a 5% per annum cumulative return, on such partner's aggregate capital contributions calculated from the date the capital contribution is made until the date such capital contribution is returned;

(ii) *Return of Contributed Capital.* Second, beginning no earlier than after the end of the fifth quarter following the Fund's initial closing ("Initial Closing"), 100% to each partner until such partner has received, the Capital Return Amount (defined below) relating to such quarter;

(iii) *Catch-Up to 20%.* Third, beginning no earlier than after the end of the fifth quarter following the Initial Closing, 100% to the General Partner until cumulative distributions to the General Partner equal no more than 20% of the total cumulative distributions to the partner and the General Partner; and

(iv) *80/20 Share.* Thereafter, beginning no earlier than after the end of the fifth quarter following the Initial Closing, (A) 80% to each partner in the Master Fund and (B) 20% to the General Partner, except as may otherwise be agreed with the General Partner.

"Capital Return Amount" means an amount calculated by the General Partner reflecting a return of a portion of each partner's capital contribution relating to an applicable quarter.

Performance-Based Portfolio Management Fees

Qualified Clients will pay an annual fee of 2% of assets under management along with a 20% performance fee based on capital appreciation. If the portfolio rises in value, then the client will pay 20% on that increase in value, but if the portfolio drops in value, then the client will not incur a new performance fee until the portfolio reaches the last highest value, adjusted for withdrawals and deposits, which is generally known as a "high water mark."

Other Fees

Fees in addition to our management fee and the General Partner's share of Distributable Cash will be incurred by the Fund, and indirectly borne by investors. For example, the Fund will incur costs related to an annual audit and fees payable to a custodian that holds client assets. These fees and expenses are not shared with us. We evaluate the relative annual costs of other service providers as a part of our investment decision making process. Investors should review the fees charged by these other service providers and our fees to fully understand the total amount of fees paid and to evaluate the advisory services we provide.

The execution of the Fund's strategy will not require the use of brokers or other financial intermediaries, so the Fund will not incur transaction costs, as further described below in Item 12.

Compensation from Sales of Securities

We do not accept compensation for the sale of securities or other investment products.

Item 6 – Performance-Based Fees and Side-By-Side Management

As stated above in Item 5, with respect to the Fund, in addition to our asset-based management fee, one of our affiliates also shares in a portion of Distributable Cash.

We manage accounts that are billed on performance-based fees (a share of capital gains on or capital appreciation of the assets of a client) as well as accounts that are NOT billed on performance-based fees. Managing both kinds of accounts at the same time presents a conflict of interest because the firm or our supervised persons have an incentive to favor accounts for which we and its supervised persons receive a performance-based fee. We address the conflicts by ensuring that clients are not systematically advantaged or disadvantaged due to the presence or absence of performance-based fees. We seek best execution and upholds its fiduciary duty for all clients.

Clients that are paying a performance-based fee should be aware that investment advisers have an incentive to invest in riskier investments when paid a performance-based fee due to the higher risk/higher reward attributes.

Performance fees are charged to Qualified Clients* only. In general, a “Qualified Client” pursuant to Texas Securities Board Rule 116.13(b) is:

- (1) a natural person or company who at the time of entering into such agreement has at least \$1,000,000 under the management of the investment adviser;
- (2) a natural person or company who the adviser reasonably believes at the time of entering into the contract: (A) has a net worth of jointly with his or her spouse of more than \$2,100,000 excluding the value of the client’s primary residence; or (B) is a qualified purchaser as defined in the Investment Company Act of 1940, §2(a)(51)(A) (15 U.S.C. 80a-2(51)(A)); or
- (3) a natural person who at the time of entering into the contract is: (A) An executive officer, director, trustee, general partner, or person serving in similar capacity of the investment adviser; or (B) An employee of the investment adviser (other than an employee performing solely clerical, secretarial, or administrative functions with regard to the investment adviser), who, in connection with his or her regular functions or duties, participates in the investment activities of such investment adviser, provided that such employee has been performing such functions and duties for or on behalf of the investment adviser, or substantially similar function or duties for or on behalf of another company for at least 12 months.

Item 7 – Types of Clients

Types of Clients

We generally provide asset management services and advice to private investment funds, including the Fund.

Minimum Account Size

The minimum initial capital commitment amount for a Fund investor is \$50 million, although the General Partner has discretion to accept lesser amounts. The General Partner may also raise the minimum investment amount at any time, in its sole discretion.

Item 8– Methods of Analysis, Investment Strategies and Risk of Loss

Investment Strategies and Methods of Analysis

The Fund’s investment objective is to create principal protected investments with a 5% preferred return using current income and the potential for long-term capital appreciation by participating in oil and gas commodity price appreciation. The Fund seeks to achieve its investment objective by investing substantially all of its assets in the Master Fund for the purposes of: (i) lending money to existing oil and gas well producers whose reserves are classified as Proved Reserves (as defined below); and, (ii) making direct equity and Overriding Royalty Interest (as defined below) investments in oil and gas producers whose reserves are classified as Proved, Possible and Probable Reserves (each as defined below).

The Fund will create such investments by deploying capital to oil and gas exploration and production companies in the following manner:

Part A: Insured Loans. The Fund will originate loans to oil and gas exploration and production companies (collectively, “Producers”) secured by collateral in the form of oil and gas reserves classified as Proved Reserves that will be collectively referred to as “Proved Loans” and individually referred to as a “Proved Loan”, as applicable. The Fund anticipates that it will benefit from a financial guaranty insurance policy (the “Financial Guaranty Policy”) provided by a Global reinsurance company that is rated no lower than “A+” by Fitch Ratings or “A1” by Moody’s (the “Insurer”) that will be issued in connection with each individual Proved Loan.

Part B: Alpha Capture. The Fund will loan Producers a balance of capital that will be determined on each loan deployed that is secured on the balance of the Overriding Royalty Interest as agreed on a deal by deal basis, any and all Proved Reserve production in excess of the Proved Loan payment, plus any and all Possible Reserve and Probable Reserve production that is secured by the Producers assets and the Fund approved Producer drill plan. These investments will be in the form of an Overriding Royalty Interest and will collectively be referred to as “Equity Investments” and individually referred to as an “Equity Investment”. Each Overriding Royalty Interest will revert to the General Partner or to an entity designated by the General Partner upon

the termination of the Fund. The Fund's Equity Investments will not receive any economic benefit from the Financial Guaranty Policy.

The Fund anticipates that the capital deployed in the Equity Investments is likely to alpha returns in addition to the Proved Loan returns. These Equity Investments offer the Fund's limited partners (the "Limited Partners") participation in both oil and gas price and production escalation that the Fund will then return to Limited Partners by means of the 5% preferred return described above.

The investment strategy focuses on the Fund's proprietary model that utilizes the Proved Loans to produce current income and Equity Investments to produce long-term capital appreciation. The Fund also intends to utilize a strategy that allocates a sufficient portion of assets to Proved Loans such that the sum of the Proved Loans' interest and principal at the end of the Fund's seven (7) year term should equal the initial amount of the Limited Partners' capital commitment. The Fund anticipates that this strategy along with the anticipated benefits provided by the Financial Guaranty Policy is likely to provide a degree of initial capital investment protection to limited partners over the term of the Fund.

The Fund will utilize a proprietary model known to determine the optimal investment portfolio of Proved Loans.

No assurance can be given that the Fund or the Master Fund will achieve its objective, and investment results may vary substantially over time and from period to period.

For purposes of the above description of the Fund's strategy:

- "Proved Reserves" means those quantities of petroleum, which by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under economic conditions, operating methods, and government regulations. If deterministic methods are used, the term reasonable certainty is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the estimate.
- "Probable Reserves" means those additional quantities of petroleum, which analysis of geoscience and engineering data indicate are less likely to be recovered than Proved Reserves but more certain to be recovered than Possible Reserves. It is equally likely that the actual remaining quantities recovered will be greater than or less than the sum of the estimated Proved Reserves plus Probable Reserves ("2P"). In this context, when probabilistic methods are used, there should be at least a 50% probability that the actual quantities recovered will equal or exceed the 2P estimate.
- "Possible Reserves" means those additional quantities of petroleum, which analysis of geoscience and engineering data suggest are less likely to be recovered than Probable Reserves. The total quantities ultimately recovered from the project have a low probability to exceed the sum of Proved Reserves plus Probable Reserves plus Possible Reserves ("3P"), which is the equivalent to a high estimate scenario. In this context, when

probabilistic methods are used, there should be at least a 10% probability that the actual quantities recovered will equal or exceed the 3P estimate.

- An “Overriding Royalty Interest” means fractional, undivided interests or rights of participation in the oil or gas, or in the proceeds from the sale of the oil or gas, produced from a specified tract or tracts, which are limited in duration to the terms of an existing lease and which are not subject to any portion of the expense of development, operation or maintenance.

Risks Associated with Our Methods of Analysis and Investment Strategies

Risks Associated with Our Strategies and Methods of Analysis - General

An investment in the Fund includes a risk of lost principal (invested amount) and any profits that have not been realized. Investors should be prepared to bear that risk. In addition, as recent global and domestic economic events have shown, the performance of any investment is not guaranteed.

Our advisory agreement states that we are not liable for:

- any loss suffered because of any investment decision we make or other action we take or do not take in accordance with our advisory agreement
- any loss suffered because we follow a client’s oral or written instructions
- any act or failure to act by any custodian, broker or other financial intermediary

Nevertheless, nothing in our advisory agreement constitutes a waiver of any legal right under applicable federal or state securities laws or any other law whose applicability may not be waived through contract. If there is a discrepancy between the information in this brochure and a client’s agreement with us, the agreement will control.

Risks Associated with Our Primary Client Investments

The Fund’s strategy may subject investors to the following risks:

Competitive Nature of Oil and Gas Industry. The oil and natural gas and related financial services industries are highly competitive. Other oil and natural gas related investors or lenders may seek to acquire equity interests in or lend to oil and natural gas companies in competition with the Fund’s business. If the Fund is unable to compete effectively or respond adequately to competitive pressures, the Fund’s future results may be materially adversely affected.

Portfolio Volatility Due to Investment Concentration. The Fund intends to invest the net proceeds of the Fund’s offering primarily to lend to and acquire Equity Investments in, certain oil and gas prospects in the United States. Such a concentrated investment by the Fund may result in the value of the Fund’s limited partnership interests fluctuating to a greater degree than if the Fund invested in or acted as a lender to a broader geographic spectrum of oil and gas properties.

Development of Oil and Gas Properties. The Fund's future success will depend on the success of development, exploitation and production activities relating to the Portfolio Investments. These oil and natural gas production activities are subject to numerous risks beyond the Fund's control, including the risk that drilling will not result in commercially viable oil or natural gas production, general economic conditions, proximity to pipelines, oil import quotas, supply, demand, and price of other fuels and the regulation of production, refining, transportation, pricing, marketing and taxation by federal, state, and local governmental authorities.

Illiquidity of Portfolio Investments. The Portfolio Investments to be acquired by the Fund may be relatively illiquid and may decline in value, depending on general market trends. This could materially adversely affect any plans by the Fund to sell any of the Portfolio Investments.

Oil Drilling Risks. Oil and gas drilling is a high risk activity with many uncertainties. The primary risk lies in the drilling of dry holes or drilling and completing wells which, though productive, do not produce gas and/or oil in sufficient amounts to return the amounts expended and produce a profit. Although the Fund intends to acquire adequate insurance, or to be named as an insured under coverage acquired by others (e.g., the General Partner), the Fund may not be insured against all such losses because insurance may not be available, premium costs may be deemed unduly high, or for other reasons.

Volatility of Oil and Gas Prices. The Fund's ability to receive cash flow from its Portfolio Investments may be determined by the prices received for oil and gas produced by wells relating to the Portfolio Investments. Especially in recent years, the prices at which oil and gas trade in the open market have experienced significant volatility and will likely continue to fluctuate in the foreseeable future due to a variety of influences.

Restrictions or Challenges of Oil and Gas Properties. While an operator of an oil and gas property may have registered its oil and gas interests with the appropriate authorities and filed all pertinent information according to industry standards, this cannot be construed as a guarantee of title. Oil and gas properties relating to the Portfolio Investments may be subject to royalty and overriding royalty interests, recorded oil and gas leases or licenses which have not been legally surveyed, and therefore, the precise boundaries and locations of such claims or leases may be doubtful or challengeable, liens incident to operating agreements, liens for current taxes, prior unregistered agreements or transfers or native land claims and other burdens and encumbrances, easements and other restrictions, any of which may subject the Portfolio Investments to future undetermined expenses and financial stresses.

Sustainability of Oil and Gas Reserves. The Fund cannot assure that oil or gas reserves relating to its Portfolio Investments will be capable of production levels that it projects or in sufficient quantities to be commercially viable.

Barriers to Marketing Oil and Gas. Crude oil, natural gas, condensate and other oil and gas products are generally sold to other oil and gas companies, government agencies or companies in other industries. If the entities that are the subject of the Portfolio Investments are unable to sell any oil and gas then the Fund may experience diminished revenues.

Gas Oversupply. Buyers of gas, if any, may refuse to purchase gas from the entities that are the subject of the Fund's Portfolio Investments in the event of oversupply. In addition, the risk exists that the certain wells may produce quantities of gas that may be too small to pay for the expenses of operating the wells. In such a case, the wells would be "shut-in" until such time, if ever, that economic conditions permit the sale of gas in quantities that would be profitable.

Market Risks. The marketability of any oil and gas that may be produced may be affected by numerous factors beyond the control of the Fund or the General Partner. These factors include market fluctuations in the price of oil and gas, the proximity and capacity of oil and gas markets and processing equipment, the availability of labor and related infrastructures, and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, the importing and exporting of materials and environmental protection. The exact effect of these factors cannot be accurately predicted, but any one or a combination of these factors could result in the Fund's investors not receiving an adequate return on their investment, if any.

Uninsurable Risks. Oil and gas operations generally involve a high degree of risk. Hazards such as unusual or unexpected formations, rock bursts, cave-ins, fires, explosions, blow-outs, formations of abnormal pressure, flooding, labour disputes or other conditions may occur from time to time. The General Partner, as the holder of an Equity Investment oil and gas properties, may become subject to liability for pollution, cave-ins or hazards against which it cannot insure or against which it may elect not to insure. The payment of such liabilities may have a material, adverse effect on the General Partner's financial position and, consequentially, on the financial position of the Fund.

Environmental and Other Regulations. Future oil and natural gas production operations will be subject to stringent and complex federal, state, local and tribal laws and regulations governing health and safety, the discharge of materials into the environment or otherwise relating to environmental protection. Such laws and regulations may impose numerous obligations on entities that are the subject of the Portfolio Investments and their operations. Furthermore, changes in environmental laws and regulations occur frequently, and such changes could require an oil and gas producing entity to make significant expenditures to attain and maintain compliance and may otherwise have a material adverse effect on the Fund's own financial results. The Fund may not be able to recover some or any of these costs from insurance.

Operational Licenses and Permits. The future operations of oil and gas producers that will be the subject of the Portfolio Investments will require licenses, permits and in some cases renewals of licenses and permits from various governmental authorities. Their inability to obtain, or the loss of or denial of extension of, any of these licenses or permits could hamper its ability to produce revenues from operations and potentially materially adversely affect the Fund.

Risk of Litigation. Although the Fund is not currently involved in any litigation, the nature of its operations exposes the Fund to possible future litigation claims. There is risk that any claim could be adversely decided against the Fund, and this could harm its financial condition. Should the Fund become involved in any litigation, it will be forced to direct its limited resources to defend against or prosecute the claim, which could impact the profitability of the Fund and lower the value of any investment in the Fund's limited partnership interests.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's evaluation of us or the integrity of our management.

We have no legal or disciplinary events to report.²

Item 10 – Other Financial Industry Activities and Affiliations

We are obligated to disclose if we, any of our employees and independent contractors, or any of our affiliates are involved in other financial industry activities, such as those of a broker-dealer, commodity pool operator or a futures commission merchant. We are also obligated to disclose if we receive compensation from other advisers for recommending or selecting those advisers.

Vincent Collaso is member of PA Management, LLC, the manager of Petrol Alpha Principal Protected Return Fund I, LP, a private fund. Vincent Collaso is member of Petrol Alpha Energy, LLC, the general partner of Petrol Alpha Principal Protected Return Fund I, LP. PA Management will recommend investments in this private fund to those clients for which investment in the fund is suitable. This presents a conflict of interest in that or its related persons may receive more compensation from investment in the fund than from other investments. Nevertheless, PA Management acts in the best interest of the client consistent with its fiduciary duties and clients are not required invest in the private fund if they PA Management not wish to do so.

Vincent Collaso is member of PA Hold Co., Petrol Alpha Cayman, LLC and Petrol Alpha Energy, LLC. These entities are utilized in the structure and flow of future fund assets for Petrol Alpha Principal Protected Return Fund I, LP. If a conflict of interest should arise, the conflict will be noted and discussed accordingly.

Vincent Collaso is a licensed insurance agent in New Jersey. From time to time, he will offer clients who are domiciled in New Jersey advice or products from those activities. Clients should be aware that these services pay a commission or other compensation and involve a conflict of interest, as commissionable products conflict with the fiduciary duties of a registered investment adviser. PA Management always acts in the best interest of the client, including the sale of commissionable products to advisory clients. Clients always have the right to decide whether or not to utilize the services of any PA Management representative in such individual's outside capacities. Vincent Collaso is member of Premier Wealth management, LLC. This entity is utilized for any insurance commissions earned as a licensed insurance agent.

² We note that registered advisors are required to report, in Part 1A of Form ADV, all disciplinary events regardless of whether they are material. We have no disciplinary events of any kind to report.

Vincent Collaso is member of Global Enterprise Solutions, LLC. This entity is a company that sells non-security physical products that are patented. He will not offer client's any products from this outside business activity. If a conflict of interest should arise, the conflict will be noted and discussed accordingly.

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

Code of Ethics

We expect our supervised persons to always act in the best interest of our clients, and to place the interests of our clients ahead of their own. We have adopted a Code of Ethics (the “Code”) that sets forth the standard of business conduct expected from each member of our team.

The Code restricts trading in any investment for which we believe we may be privy to material non-public information. It also restricts personal trading activities to prevent any conflict of interest between personal trading and client trading. The Code limits gifts and entertainment, whether received or given, to avoid conflicts of interests. The Code causes all outside business activities of our team members to be disclosed so that potential conflicts can be detected and addressed. Finally, it limits the political contributions of our managers and employees to prevent any potential conflicts in that area as well. All our managers and employees must accept in writing the terms of the Code upon employment, annually, and as amended.

We will provide a copy of the Code to any investor or client or prospective investor or client upon request by contacting the firm's Chief Compliance Officer at the telephone number or the address specified on the cover page of this brochure.

Participation or Interest in Client Transactions and Personal Trading

We and/or our supervised and management persons do not (i) buy or sell the same investment or related investments that we buy or sell for our clients, (ii) buy or sell securities for our own accounts at the same time that we buy or sell the same investments for client accounts, or (iii) include buy or sell orders in an aggregated transaction along with client buy or sell orders.

PA Management and its associated persons may have material financial interests in issuers of securities that PA Management may recommend for purchase or sale by clients. For example, Vincent Collaso is member of PA Management, LLC, the manager of Petrol Alpha Principal Protected Return Fund I, LP, a private fund. Vincent Collaso is member of Petrol Alpha Energy, LLC, the general partner of Petrol Alpha Principal Protected Return Fund I, LP. PA Management will recommend investments in this private fund to those clients for which investment in the fund is suitable.

This presents a conflict of interest in that PA Management or its related persons may receive more compensation from investment in a security in which in which PA Management or a related person has a material financial interest than from other investments. Client approval will be sought for client investment in such recommendations and, if granted, such approval will be binding. PA

Management always acts in the best interest of the client consistent with its fiduciary duties and clients are not required invest in such investments if they do not wish to do so.

Item 12 – Brokerage Practices

We do not provide custodial services to our clients.

As stated above, the Fund's investment strategy focuses on: (i) lending money to existing oil and gas well producers whose reserves are classified as Proved Reserves; and, (ii) making direct equity and Overriding Royalty Interest investments in oil and gas producers whose reserves are classified as Proved, Possible and Probable Reserves. Such investments are made directly, without the use of brokers or other financial intermediaries, and as a result, we do not incur transaction costs when we invest Fund assets.

Because we only have one client, the Fund (which invests with the Master Fund and Offshore Feeder), we do not aggregate (combine) contemporaneous orders for the same investment.

When a trade error occurs, the Fund will retain any net gains resulting from the error correction, and we will compensate the Fund wholly for any loss resulting from the error correction.

Item 13 – Review of Accounts

Account Reviews

The Managing Members review the Fund's account quarterly. Certain circumstances, such as a significant market event, may trigger us to review account holdings promptly even if the account is not due for its regular annual review. Matters reviewed include investments held, adherence to the investment strategy, adherence to investment restrictions, and performance.

Written Reports

The Fund intends to distribute to each investor the following materials: (i) annual financial statements of the Fund audited by an independent certified public accounting firm; (ii) an unaudited quarterly statement to each investor with respect to such investor's capital account; (iii) copies of such investor Schedule K-1 to the Fund's tax returns; and (iv) other reports as determined by the General Partner in its sole discretion. The Fund shall bear all fees incurred in providing such tax returns and reports.

The General Partner may agree to provide certain investors with additional information on the underlying investments of the Fund, as well as access to the General Partner and its employees for relevant information.

Item 14 – Client Referrals and Other Compensation

We do not currently compensate any person for client referrals. We are obligated to disclose any such arrangements.

Other than the compensation described in Item 5, we do not receive any compensation from anyone other than the Fund.

Item 15 – Custody

We do not provide custodial services to our clients. Client assets must be held by a bank, registered broker-dealer or other "qualified custodian."

We may also be deemed to have custody over the funds and securities invested in pooled investment vehicles in that PA Management manages.

Investors will receive quarterly account statements from the qualified custodian and should carefully review those statements. Investors are urged to compare the account statements they receive from the qualified custodian with those they receive from us.

Item 16 – Investment Discretion

Our agreement with the Fund provides us with discretionary authority to manage investment accounts on behalf of clients. This agreement gives us the full discretionary power to select financial intermediaries, purchase, sell and exchange securities and other investments, and reinvest all proceeds.

We do not advise or act on a client's behalf in legal proceedings involving companies whose securities are held in an account, including, but not limited to, the filing of class action settlement claim forms.

Item 17– Voting Client Securities

We do not accept authority to vote client securities. Proxy materials, if any, will generally be received by the Fund directly and processed by the General Partner on behalf of the Fund. We encourage investors to contact the Fund if they have questions related to proxy materials.

Item 18 – Financial Information

We must disclose any financial condition that could impair our ability to meet our contractual obligations to clients. We must also disclose if we have been the subject of any bankruptcy proceeding within the last 10 years.

We have no such financial condition to disclose at this time, and we have never been the subject of any bankruptcy proceeding.

Item 19– Requirements For State Registered Advisers

A. Principal Executive Officers and Management Persons; Their Formal Education and Business Background

We currently have only one management person/executive officer: Vincent Collaso. Education and business background can be found on the Form ADV Part 2B brochure supplement for such individual.

B. Other Businesses in Which This Advisory Firm or its Personnel are Engaged and Time Spent on Those (If Any)

Other business activities for each relevant individual can be found on the individual's Form ADV Part 2B brochure supplement.

C. How Performance-based Fees are Calculated and Degree of Risk to Clients

We accept performance-based fees, fees based on a share of capital gains on or capital appreciation of the assets of a client.

Qualified Clients will pay an annual fee of 2% of assets under management along with a 20% performance fee based on capital appreciation. If the portfolio rises in value, then the client will pay 20% on that increase in value, but if the portfolio drops in value, then the client will not incur a new performance fee until the portfolio reaches the last highest value, adjusted for withdrawals and deposits, which is generally known as a “high water mark.”

Clients that are paying a performance-based fee should be aware that investment advisers have an incentive to invest in riskier investments when paid a performance-based fee due to the higher risk/higher reward attributes.

D. Material Disciplinary Disclosures for Management Persons of this Firm

No management person at PA Management or Vincent Collaso have been found liable in an arbitration claim or been found liable in a civil, self-regulatory organization, or administrative proceeding that is material to the client's evaluation of the firm or its management.

E. Material Relationships That Management Persons Have With Issuers of Securities (If Any)

See Item 10.C and 11.B.