

Part 2A of Form ADV: Firm Brochure

Item 1 - Cover Page

Yaupon Capital Management LP

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This brochure provides information about the qualifications and business practices of Yaupon Capital Management LP, an investment adviser registered with the United States Securities and Exchange Commission (the “SEC”). If you have any questions about the contents of this brochure, please contact us at (646) 755-3825 or lisa.flaherty@yauponcap.com. This information has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about Yaupon Capital Management LP also is available on the SEC’s website at www.adviserinfo.sec.gov.

Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

Item 2 - Material Changes

This Brochure amends the Brochure dated September 2018 and has been updated to reflect (i) the current regulatory assets under management of Yaupon Capital Management LP (“Yaupon,” or the “Investment Manager”) and (ii) certain updates to the description of Yaupon’s investment strategy. Apart from these changes, there are no material changes to note at this time.

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Item 4 - Advisory Business

Description of Advisory Firm

Yaupon is a newly formed investment adviser with its principal place of business in New York, New York. The Investment Manager is a limited partnership formed in February 2018 under the laws of the State of Delaware. Steve Pattyn is the founder and Chief Investment Officer ("CIO").

Yaupon offers investment advisory services on a discretionary basis to private funds (referred to collectively herein as the "Funds" or the "Clients") that are intended only for sophisticated investors. Currently, the Funds consist of:

- Yaupon Fund LP, a Delaware limited partnership ("Domestic Fund");
- Yaupon Funds (CI) Ltd., a Cayman Islands exempted limited partnership ("Offshore Fund"); and
- Yaupon Master Fund LP, a Cayman Islands exempted limited partnership (the "Master Fund"), which serves as the master fund into which the Domestic Fund and Offshore Fund invest substantially all of their assets.

The Domestic Fund and Offshore Fund may make some investments directly (instead of through the Master Fund) in certain entities or other assets (e.g., master limited partnerships) in the energy and related sectors, although such investments are not expected to exceed 20% of the Domestic Fund or Offshore Fund's net assets (measured at the time of investment).

The Funds are managed according to the investment objectives and strategies outlined in each Fund's Confidential Private Placement Memorandum and other governing and offering documents (for each Fund, the "Fund Documents") and are generally not tailored to any particular private Investor in the Funds (each, an "Investor").

Yaupon Capital GP LLC, ("Yaupon Capital GP" or the "General Partner"), a Delaware limited liability company, is the general partner of the Domestic Fund and the Master Fund. Steve Pattyn is the managing member of Yaupon Capital GP.

As of December 31, 2018, the Investment Manager managed approximately \$242,853,300 on a discretionary basis.

Further, the Investment Manager may, from time to time, permit certain individuals and/or entities to co-invest alongside the Funds and/or other Clients. Such individuals and/or entities may be affiliated with the Investment Manager and/or the General Partner. The decision as to whether to make co-investments and to whom such co-investment opportunities are offered is made by the Investment Manager in its sole discretion, and Investors may not have a right to participate in co-investments. Co-investments may result in the investment in, or the disposal of, shares of a particular investment by co-investors at the same time or on the same terms as the Funds and/or other Clients. Notwithstanding the foregoing, to the extent employees of the Investment Manager are permitted to participate in co-investments, co-investment opportunities are only be offered to employees after the Funds and other Clients have received their target investment allocations. Co-investors generally bear their pro rata portion of the expenses related to the co-investment.

Item 5 - Fees and Compensation

A detailed explanation of the fees and expenses being borne by the Funds can be found in the relevant Fund Documents, for a summary, please see the below:

Management Fee. The Funds pay the Investment Manager a quarterly management fee based on the net assets of the Funds (the “Management Fee”). The Management Fee is generally paid in advance at the beginning of the quarter and is subject to an adjustment for contributions and withdrawals made during the quarter. Management Fees range between 1.25% and 2%.

The Investment Manager, in its sole discretion, may waive or modify the Management Fee for Investors, including, without limitation, those Investors that are members, principals, employees or affiliates of the Investment Manager or the General Partner, relatives of such persons, and for certain large or strategic Investors.

The Investment Manager has entered into an agreement with a strategic investor (the “Strategic Investor”) in the Domestic Fund. The Strategic Investor, among other things, is entitled to an interest in the Management Fee otherwise payable to the Investment Manager and such amount offsets what otherwise would be paid to the Investment Manager. The Strategic Investor also receives a portion of the performance-based allocation/fee (“Incentive Allocation/Fee”) otherwise allocable/payable to the General Partner/Investment Manager, as well as certain most favored nation rights, tag along and drag along rights and preferential Management Fee and Incentive Allocation rates based on the Fund’s assets under management.

Other Fees and Expenses.

The Funds bear its own operating and other expenses as more fully described in the relevant Fund Documents. These expenses include, without limitation, fees paid to third-party service providers such as prime brokers, executing brokers, custodians, administrators, research providers, lawyers and accountants and other expenses including investment related expenses, investment related legal fees, commissions, interest on margin accounts, other indebtedness, directors fees, custodial and bank fees, research-related expenses, legal and compliance expenses, regulatory and filing expenses, and insurance expenses.

The Funds bear all organizational and offering expenses incurred in connection with formation and the marketing of the Fund entities.

Item 6 - Performance-Based Fees and Side-by-Side Management

Performance-Based Fees. The General Partner/Investment Manager may be paid performance-based compensation at the end of each fiscal year or upon an Investor’s withdrawal or redemption from the applicable Fund, as more fully described in the Fund Documents. The performance-based compensation, if any, generally ranges from 17.5% to 20% of net profits and is subject to loss carryforward provisions. Net profits include both realized gains and losses and unrealized gains and losses of securities held in each Fund’s portfolio.

The Investment Manager/General Partner, in its sole discretion, may waive or modify the Incentive Allocation/Fee for Investors, including, without limitation, those shareholders that are members, principals, employees or affiliates of the Investment Manager or the General Partner, relatives of such persons, and for certain large or strategic investors.

Side-By-Side Management. Yaupon manages one portfolio at the Master Fund level. The Investment Manager generally executes all trades for the Funds on an aggregated basis at the Master Fund level, but, may also execute some trades at the Feeder Fund level. Profit and loss related to those investments are then allocated to the Funds via a predetermined allocation methodology based on gross capital as of the beginning of each month. By using this allocation structure, Yaupon alleviates any conflicts that might arise from subjective trade allocation practices and preferential account management.

Item 7 - Types of Clients

As noted above, Yaupon clients are the Funds. The Fund Documents and subscription agreements for each Fund provide the applicable eligibility criteria and minimum investment requirements. Initial and

additional subscription minimums, which may be waived at the discretion of Yaupon, are disclosed in the Fund Documents.

Fund interests of both the Domestic Fund and the Offshore Fund are generally sold only to qualified Investors who are “accredited investors” under Rule 501 of Regulation D of the Securities Act of 1933, and “qualified purchasers” under Section 2(a)(51) of the Investment Company Act of 1940.

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

The Fund's investment objective is to seek to achieve superior risk-adjusted returns through its investments primarily in the energy and related sectors. The Investment Manager opportunistically employs a wide range of directional, relative value, event-driven and other strategies across asset classes including equities, debt, futures, and commodities to make their investments. There are no material limitations on the investments, strategies, markets or countries in which the Funds may invest.

The following specific risks concerning to the Funds should be well noted:

No Operating History. Each of the General Partner, the Investment Manager, the Master Fund, the Domestic Fund, and Offshore Fund are newly formed entities and have no operating history upon which Investors can evaluate their likely performance. Accordingly, an investment in the Funds entails a significant degree of risk.

Energy Sector Risks. The Fund's assets may be invested in assets and securities in the utility and energy sector, which are subject to regulations by various governmental entities. The ability to generate sufficient returns and cash flow by utility companies may be adversely affected by inadequate rate increases from regulatory agencies. Other risks of electric and gas utilities include their market sensitivity to changes in long-term interest rates, their continuing requirements for raising additional capital and their obligation to comply with environmental and other governmental mandates. The value of the Fund's investment portfolio may be particularly vulnerable to factors such as increasing regulation of the energy sector by both U.S. and foreign governments, developments in the energy sector and energy conservation incentives. Increased energy regulations may, among other things, increase compliance costs and affect business opportunities for the companies in which the Funds invest. The value of the Fund's portfolio is also affected by changing commodity prices, which can be highly volatile and are subject to risks of oversupply and reduced demand.

Energy Sector Concentration. Since the Fund's portfolio is concentrated in the energy and related sectors, the investment portfolio of the Funds may be subject to more rapid change in value than would be the case if the Funds were to maintain a wide diversification among securities or industry sectors. Furthermore, even within the energy and related sectors, the investment portfolio may be relatively concentrated. This lack of diversification may subject the investments of the Funds to more rapid change in value than would be the case if the assets of the Funds were more widely diversified.

Weather Related Risks. Energy prices are generally correlated with weather and seasonal weather patterns. Hot weather in the summer results in higher energy consumption (i.e., air conditioning) and generally higher energy prices. Cold weather in winter results in higher energy consumption (i.e., heating) and generally higher energy prices. Mild temperatures in the summer and winter months affect the demand for energy and may affect energy prices. Accordingly, changes in temperature and weather may impact the value of the Fund's investments.

The energy infrastructure – crude and natural gas pipelines, exploration and production rigs, natural gas processing plants, refineries, power plants, transmission lines, sub-stations, petroleum depots and storage centers, coal mines, rail-system, etc. are all vulnerable to hurricanes and numerous other weather systems. Pricing of commodities can fluctuate wildly on any event or major unexpected change in weather or climate which would affect the energy infrastructure.

Short Sales. Short sales can, in certain circumstances, substantially increase the impact of adverse price movements on the Fund's portfolio. A short sale involves the risk of a theoretically unlimited increase in the market price of the particular investment sold short, which could result in an inability to cover the short position and a theoretically unlimited loss. There can be no assurance that securities necessary to cover a short position will be available for purchase.

Lack of Liquidity of Fund Investments. While the Investment Manager expects the majority of the Fund's portfolio to be liquid, Fund assets may, at any given time, include securities and other financial instruments or obligations that are thinly-traded or for which no market exists and/or which are restricted as to their transferability under applicable securities laws. The sale of any such investments may be possible only at substantial discounts, and it may be extremely difficult to accurately value any such investments.

Less Liquid Securities. While the Fund's portfolio is generally expected to be comprised of relatively liquid securities, the Funds (through its investment in the Master Fund) may, at times, invest in less liquid securities, including certain illiquid privately offered securities. The Investment Manager may find it more difficult to readily dispose of these investments in the ordinary course of business. In addition, some of these investments may not have an established trading market. In the absence of an established trading market, the Funds will, in accordance with its valuation policies then in effect, value such investments in good faith at each time the Fund's net asset value ("NAV") is determined. Accordingly, the NAV of the Funds may be based in part on the valuations placed on Master Fund assets by the Investment Manager without reference to an established trading market for such investments. It should, however, be noted that no more than 5% of the Fund's portfolio (measured at cost at time of investment) will be invested in illiquid private securities at any given time.

Limited Withdrawal and Transfer Rights. An Investor generally is permitted to withdraw all or any part of its Capital Account only in accordance with the terms described in the relevant Fund Documents. Transfers of the Fund interests are permitted only with the written consent of the General Partner or Investment Manager. Accordingly, the Fund interests should only be acquired by Investors willing and able to commit their funds for an appreciable period of time.

Interest Rate Risk. The Fund is subject to interest rate risk. Generally, the value of fixed income instruments will change inversely with changes in interest rates. As interest rates rise, the market value of fixed income instruments tends to decrease. Conversely, as interest rates fall, the market value of fixed income instruments tends to increase. This risk will be greater for long-term securities than for short-term securities. The Funds may attempt to minimize the exposure of the portfolios to interest rate changes through the use of interest rate swaps, interest rate futures and/or interest rate options. However, there can be no guarantee that the Investment Manager will be successful in fully mitigating the impact of interest rate changes on the portfolios.

Side Letters. In addition to the Strategic Investor Agreement, the Funds may enter into agreements ("Side Letters"), with certain prospective or existing Investors whereby such Investors may be subject to terms and conditions that are more advantageous than those set forth in the Fund Documents. For example, such terms and conditions may provide for special rights to make future investments in the Funds, other investment vehicles or managed accounts; special withdrawal rights, relating to frequency or notice; a reduction or rebate in Management Fees or Incentive Allocations/Fees to be paid by the Investor and/or other terms; rights to receive reports from the Funds on a more frequent basis or that include information not provided to other Investors (including, without limitation, more detailed information regarding portfolio positions) and such other rights as may be negotiated by the Funds and such Investors. The modifications are solely at the discretion of the Funds and may, among other things, be based on the size of the Investor's investment in the Funds or affiliated investment entity, an agreement by an Investor to maintain such investment in the Funds for a significant period of time or other similar commitment by an Investor to the Funds, or may be granted to founding or strategic Investors.

The Funds are not required to notify any or all of the other Investors of any such Side Letters or any of the rights and/or terms or provisions thereof, nor are the Funds be required to offer such additional and/or different rights and/or terms to any or all of the other Investors. The other Investors have no recourse

against the Funds, the General Partner, the Investment Manager and/or any of their affiliates in the event that certain Investors receive additional and/or different rights and/or terms as a result of such Side Letters.

Commodity and Futures Contracts. The Funds also invest in commodity or futures contracts. Trading in commodity and futures contracts and options thereon are highly specialized activities which while they may increase the total return in the Funds' investments, may entail greater than ordinary investment risks.

Commodity futures markets are highly volatile and are influenced by factors such as changing supply and demand relationships, governmental programs and policies, national and international political and economic events and changes in interest rates. In addition, because of the low margin deposits normally required in commodity futures trading, a high degree of leverage may be typical of a commodity futures trading account. As a result, a relatively small price movement in a commodity futures contract may result in substantial losses to the trader. Commodity futures trading may also be illiquid. Certain commodity exchanges do not permit trading in particular futures contracts at prices that represent a fluctuation in price during a single day's trading beyond certain set limits. If prices fluctuate during a single day's trading beyond those limits, the Investment Manager could be prevented from promptly liquidating unfavorable positions and thus be subject to substantial losses.

Commodity options, like commodity futures contracts, are speculative, and their use involves risk. Specific market movements of the cash commodity or futures contract underlying an option cannot be predicted, and no assurance can be given that a liquid offset market will exist for any particular futures option at any particular time.

Derivatives. To the extent that the Funds invest in swaps, derivative or synthetic instruments, or enters into repurchase agreements or other over-the-counter transactions, the Funds may take a credit risk with regard to parties with whom it trades and may also bear the risk of settlement default. These risks may differ materially from those entailed in exchange-traded transactions that generally are backed by clearing organization guarantees, more frequent mark-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered into directly between two counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default. All securities and other assets deposited with custodians or brokers will be clearly identified as being assets (directly or indirectly) of the Funds, and hence the Funds should not be exposed to a credit risk with regard to such parties. However, it may not always be possible to achieve this segregation, and there may be practical or time constraints associated with enforcing rights to its assets in the case of an insolvency of any such party.

Options. The purchase or sale of an option involves the payment or receipt of a premium by the Investor and the corresponding right or obligation, as the case may be, to either purchase or sell the underlying security, commodity or other instrument for a specific price at a certain time or during a certain period. Purchasing options involves the risk that the underlying instrument will not change price in the manner expected, so that the Investor loses its premium. Additionally, the premium paid for an option is based, in part, on the time to expiration, and with the passage of time, the premium associated with an option declines, assuming all other factors being equal. Selling options involves potentially greater risk because the Investor is exposed to the extent of the actual price movement in the underlying security rather than only the premium payment received (which could result in a potentially unlimited loss). Over-the-counter options also involve counterparty solvency risk.

Small to Medium-Capitalization Companies. The Funds may invest a portion of its assets in the stocks of companies with small-to medium-sized market capitalizations. While the Investment Manager believes these investments often provide significant potential for appreciation, those stocks, particularly smaller-capitalization stocks, involve higher risks in some respects than do investments in stocks of larger companies. For example, prices of such stocks are often more volatile than prices of large-capitalization stocks. In addition, due to thin trading in some such stocks, an investment in these stocks may be more illiquid than that of larger capitalization stocks.

Currency Risks. The Funds may have exposure to fluctuations in currency exchange rates. It may, in part, seek to offset the risks associated with this exposure or enter into foreign exchange transactions to increase its returns. These transactions involve a significant degree of risk and foreign exchange markets are volatile, specialized and technical. Significant changes, including changes in liquidity and prices, can occur in these markets within very short periods of time. Changes in exchange rates over time are the result of many factors directly or indirectly affecting the economic and political conditions in the country or economic region associated with a specific currency. Exchange rates fluctuate for a number of reasons, including:

- existing and expected rates of inflation,
- existing and expected interest rate levels,
- the balance of payments between the relevant country and its major trading partners,
- political, civil or military unrest in the relevant country or economic region; and
- monetary, fiscal and trade policies of the relevant country or economic region (including pegging, de-pegging, flooring or capping an exchange rate relative to another currency).

Governments use a variety of techniques, such as intervention by their central banks or imposition of regulatory controls or taxes, to affect the exchange rate of their currencies. Foreign exchange rates can either be fixed by sovereign governments or floating. Exchange rates of most economically developed nations are permitted to fluctuate in value relative to the value of other currencies. However, governments do not always allow their currencies to float freely in response to economic forces. Governments use a variety of techniques, such as intervention by their central bank or imposition of regulatory controls or taxes, to affect the trading value of their respective currencies. They may also issue a new currency to replace an existing currency or alter the exchange rate or relative exchange characteristics by devaluation or revaluation of a currency. The value of the Funds could be affected by the actions of sovereign governments, which could change or interfere with theretofore freely determined currency valuation, fluctuations in response to other market forces and the movement of currencies across borders. Additionally, market perceptions of the relative strength or cohesion of a specific political state or monetary union can dramatically affect the value of a currency. Fluctuations in exchange rates may negatively impact the value of an investment in the Funds to the extent the Funds have currency exposure in the form of a hedge, a non-U.S. dollar denominated instrument or as a standalone position.

Use of Leverage. The Funds utilize leverage. This results in the Funds controlling substantially more assets than the Funds have equity. Leverage increases the Fund's returns if the Funds earn a greater return on investments purchased with borrowed funds than the Fund's cost of borrowing such funds. However, the use of leverage exposes the Funds to additional levels of risk, including (i) greater losses from investments than would otherwise have been the case had the Funds not borrowed to make the investments, (ii) margin calls or interim margin requirements which may force premature liquidations of investment positions and (iii) losses on investments where the investment fails to earn a return that equals or exceeds the Fund's cost of borrowing such funds. In the event of a sudden precipitous drop in value of the Fund's assets, the Funds might not be able to liquidate assets quickly enough to repay its borrowings, further magnifying its losses.

In an unsettled credit environment, the Investment Manager may find it difficult or impossible to obtain leverage for the Funds. In such event, the Funds could find it difficult to implement its strategy. In addition, any leverage obtained, if terminated on short notice by the lender, could result in the Investment Manager being forced to unwind the Fund's positions quickly and at prices below what the Investment Manager deems to be fair value for such positions.

Hedging Transactions. The Funds may utilize a variety of financial instruments such as derivatives, options, swaps, caps and floors, forward contracts for both risk management and general investment and

speculation purposes. With respect to the Fund's risk management and hedging transactions, there can be no assurances that a particular hedge is appropriate, or that a certain risk is measured properly. Further, while the Funds may enter into hedging transactions to seek to reduce risk, such transactions may result in poorer overall performance and increased (rather than reduced) risk for the Funds than if it did not engage in any such hedging transactions. In addition, the Funds may choose not to enter into hedging transactions with respect to some or all of its positions.

Cyber Security Breaches and Identity Theft. The Investment Manager's information and technology systems may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by its professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Although the Investment Manager has implemented various measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, the Investment Manager and/or the Funds may have to make a significant investment to fix or replace them. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the Investment Manager's and/or the Fund's operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). Such a failure could harm the Investment Manager's and/or the Fund's reputation, subject any such entity and their respective affiliates to legal claims and otherwise affect their business and financial performance.

Reliance on Mr. Pattyn. The Funds rely heavily on the services of Steve Pattyn. Mr. Pattyn is solely responsible for the investment decisions made with respect to the Funds. Should Mr. Pattyn determine to discontinue managing the affairs of, or withdraw from, the Investment Manager or should Mr. Pattyn die, be incapacitated or, for some other reason, be unable to effectively manage the affairs of the Investment Manager, the business and results of the operations of the Funds may be adversely affected and an Investor's withdrawal terms may be altered.

Item 9 - Disciplinary Information

This Item is inapplicable.

Item 10 - Other Financial Industry Activities and Affiliations

The affiliates of the Investment Manager include the General Partner and Yaupon Capital Management GP LLC. The General Partner of the Domestic Fund, and the Master Fund is Yaupon Capital GP LLC. Yaupon Capital Management GP LLC is the general partner of the Investment Manager.

Pursuant to the 4.13(a)(3) de minimis exemption from the Commodity Futures Trading Commission, neither the General Partner nor the Investment Manager is registered as a commodity pool operator (a "CPO") and therefore, unlike a registered CPO, is not required to deliver a disclosure document or a certified annual report to participants in this pool.

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

Code of Ethics. Yaupon has adopted a Compliance Manual and Code of Ethics to monitor the potential conflicts of interests within the firm as it relates to Access Persons' (as defined in the Advisers Act) personal trading, outside business activities and other matters. Yaupon's Code of Ethics is designed to comply with the requirements of Advisers Act Rule 204A-1. Among other things, the Compliance Manual and Code of Ethics (i) require that all employees comply with federal securities laws, (ii) require that all employees submit to Yaupon reports containing their personal securities holdings and transactions in reportable securities, and that Yaupon review such reports, (iii) restricts employees from trading in reportable securities or ETFs, (iv) require employees to disclose their outside business activities, and (v) contain policies and procedures designed to prevent the misuse of material, non-public information. Additionally, Yaupon employees are required to report and pre-clear all political contributions, in connection with Advisers Act Rule 206(4)-5. All

personnel of Yaupon are required to annually certify in writing their compliance with the Compliance Manual and Code of Ethics.

Yaupon maintains policies and procedures to prevent insider trading that are designed to prevent the misuse of material, non-public information. Yaupon's personnel are required to annually certify their compliance with the Code of Ethics and policies and procedures to prevent insider trading. Yaupon's insider trading policies prohibit it and its personnel from trading or recommending trading in securities of a company while in possession of material, nonpublic information ("Inside Information") about a company, and from disclosing such information to any person not entitled to receive it. Yaupon has designed and implemented policies and procedures reasonably designed to shield its investment professionals in most cases from access to Inside Information. In addition, among other things, such policies seek to control and monitor the flow of Inside Information to and within the firm, as well as prevent trading based on Inside Information. Clients or prospective clients may obtain a copy of Yaupon's Code of Ethics upon request.

Participation or Interest in Client Transactions. Yaupon Capital Management LP serves as investment adviser, and Yaupon Capital GP LLC serves as general partner to the Domestic Fund and Master Fund. Both affiliates receive compensation for such services. Yaupon, its employees and its related persons may invest directly in the Funds. It should be noted that Yaupon has waived the Management Fee and Incentive Allocation/Fee for all employees and members of Yaupon who are invested in the Funds, but such persons still bear their *pro rata* portions of the applicable Fund's expenses.

The fact that Yaupon, its employees and its related persons may have a financial ownership interest in the Funds creates a potential conflict in that it could cause Yaupon to make different investment decisions than if they did not have such a financial ownership interest.

Further, Yaupon charges the Funds fees based on a percentage of assets under management via the Management Fee and based on performance via the Incentive Allocation/Fee. The Management Fee is payable without regard to the overall success or income earned by the Funds and therefore may create an incentive on the part of Yaupon to raise or otherwise increase assets under management to a higher level than would be the case if Yaupon were receiving a lower or no Management Fee. The Incentive Allocation/Fee may create an incentive on the part of Yaupon to make investments that are riskier or more speculative than it otherwise would. Complete fee disclosures are provided to Investors in the relevant Fund Documents and should be carefully reviewed by prospective Investors. Further, as noted above, Yaupon has established a Code of Ethics that sets forth a standard of business conduct that takes into account Yaupon's status as a fiduciary and requires Access Persons to place the interests of the Funds and Investors above their own interests.

Investing in Securities Recommended to Clients. Yaupon seeks to monitor the potential conflicts of interests within the firm as it relates to an Access Person's personal trading. An Access Person is defined as any partner, officer or employee of the Investment Manager who is subject to the supervision and control of the firm. Each Access Person transaction is strictly required to be made in accordance with Yaupon's Code of Ethics. In this regard, employees are subject to pre-clearance except for mutual funds, minimum holding periods and periodic reporting requirements of their holdings and securities transactions under the firm's Code of Ethics. The Chief Compliance Officer ("CCO") reviews and maintains Access Persons' personal transaction records to ensure each Access Person is conducting his or her personal securities transactions in a manner that is consistent with the Code of Ethics.

Conflicts of Interest Created by Contemporaneous Trading. As mentioned above, Yaupon seeks to monitor the potential conflicts of interests within the firm as it relates to an Access Person's personal trading. This monitoring considers the sensitivities of conflicts of interest created by contemporaneous trading as well. Access Persons are subject to reporting requirements of their holdings and securities transactions under the firm's Code of Ethics. The CCO reviews and maintains Access Persons' personal transaction records to ensure each access person is conducting his or her personal securities transactions in a manner that is consistent with the Code of Ethics.

Item 12 - Brokerage Practices

Selecting Broker-Dealers and Use of Soft Dollars. Yaupon recognizes it has a fiduciary duty to clients to obtain best execution of each transaction. Investment advisers are not obligated, however, to obtain the lowest possible commission on each transaction. Instead, an investment adviser must execute securities transactions for clients in such a manner that the client's total cost or proceeds in each transaction is the most favorable under the circumstances. The applicable provisions of the federal securities laws include Section 206 and Rule 204-2 under the Advisers Act and Section 28(e) of the Securities Exchange Act of 1934.

The process of determining best execution involves not only an assessment of prices but also an evaluation of broker-dealer ancillary services such as research services, execution expertise, natural trading flow, and other factors. An investment adviser should consider the full range of a broker's services in assessing best execution.

Transactions for the Funds are allocated to broker-dealers by the Investment Manager. The Investment Manager uses various broker-dealers to execute, settle and clear securities transactions for the Funds. In seeking best execution, the determinative factor is not necessarily the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including:

1. The competitiveness of a broker-dealer's commission rates and spreads;
2. Quality of its execution;
3. Its past history in executing orders;
4. Its clearance and settlement capabilities;
5. The executing broker's market share or activity in the security in question;
6. Quality of research provided.

Accordingly, although Yaupon seeks competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The commissions and/or transaction fees charged by a broker may be higher or lower than those charged by other broker-dealers. Yaupon does not receive any portion of the brokerage commissions and/or transaction fees charged to clients.

The CIO and CCO periodically review Yaupon's best execution policies and conduct qualitative and quantitative reviews related to the quality of brokerage executions. The CCO monitors trades to ensure they are complying with best execution policies.

Annually, the CIO surveys the investment team to quantify the value of each research provider. That tally is discussed among the CIO and other members of the Investment Manager to set target commission ranges for the upcoming period. The CIO may execute trades with brokers who are not on this list if they believe that broker adds value in some way. In placing orders for the funds, the CIO does not commit to any specific amount of business with any particular broker-dealer.

All records relating to best execution including the documentation used to substantiate best execution must be maintained including, but not limited to, trade tickets, confirmations, and other documents incidental to trades.

Soft Dollar Policies. Section 28(e) of the Exchange Act provides a safe harbor for an investment adviser that causes a client's account to use soft dollars for research. It is the policy of Yaupon that, in general, the brokerage commissions that Yaupon pays to broker-dealers who supply research products and services are comparable to commissions that it pays to unrelated firms for comparable services. However, Yaupon reserves the right to authorize the payment of a higher commission for soft dollar transactions than trades executed at other unrelated brokers in accordance with Section 28(e). The Investment Manager's relationships with brokerage firms that provide soft dollar services may influence the Investment Manager's judgment in allocating brokerage business and create a conflict of interest in using the services of those

broker-dealers to execute the Fund's brokerage transactions. The Investment Manager believes that these relationships are beneficial to the Funds and the Investment Manager.

The CCO must approve all soft dollar arrangements in advance. The CCO is responsible for ensuring that Yaupon employees submit proper and timely requests for any potential soft dollar arrangements. Typical research products and services obtained include company market research reports, access to security databases, attendance at research conferences, access to corporate management, security/market analysis software, pricing services, and other products and services providing Yaupon assistance in the performance of Yaupon's investment decision-making responsibilities. The CCO reviews and approves any changes to the soft dollar policies.

In addition, the CCO is responsible for complying with the recordkeeping responsibilities with respect to soft dollar arrangements (including keeping all invoices and correspondence with third party vendors and broker-dealers) so as to satisfy the requirements of the Advisers Act and other applicable laws and regulations.

The use of commissions (or markups or markdowns) to obtain research and brokerage products and services raises conflicts of interest. For example, Yaupon does not have to pay for the products and services itself. This creates an incentive for Yaupon to select or recommend a broker-dealer based on its interest in receiving those products and services.

The CCO, in conjunction with the CIO, determine whether a product or service has a "mixed-use." Once it is determined that a product or service has a mixed-use, a fair and reasonable allocation of the anticipated cost of the product or service will be made by the CCO. The CCO reviews each allocation periodically and modifies each allocation in writing as appropriate. These records are maintained so as to satisfy the requirements of the record keeping provisions of the Advisers Act.

Brokerage for Client Referrals and Directed Brokerage. In selecting or recommending broker-dealers for trade execution, Yaupon does not consider whether it might receive client referrals from such broker-dealers or any third party.

J.P. Morgan and Credit Suisse serve as prime brokers of the Funds. From time to time, a prime broker may invite Yaupon to participate at capital introduction events. At these events, potential Investors may have the opportunity to meet Yaupon and discuss investment opportunities. There is no compensation given to Yaupon to attend these events, and there is no compensation for the prime broker should an Investor decide to invest in the Funds. Yaupon may place client portfolio transactions with firms who have provided capital introduction opportunities if the Investment Manager determines that it is otherwise consistent with seeking best execution. In no event will Yaupon select a broker-dealer as a means of remuneration for recommending the Investment Manager or affording the Investment Manager with the opportunity to participate in capital introduction programs.

Order Aggregation. As noted above, the Funds are established as a master-feeder structure where securities transactions are generally performed at the master level and profit and loss are allocated to each feeder fund pro-rata. The Yaupon operations team, or its delegate, reconciles the Feeder Fund and Master Fund portfolio daily to ensure all trades settle and clear and all open portfolio positions are priced correctly.

Item 13 - Review of Accounts

Each Fund managed by Yaupon and its affiliates is reviewed by the CIO and other trading and operations personnel of Yaupon on a continuous basis to determine whether positions should be maintained given the CIO's view of current market conditions, and is also reviewed with respect to certain regulatory and legal matters by the trading, compliance and operations staff. Matters reviewed include specific securities held, adherence to investment guidelines and the performance of the Master Fund's portfolio, and Feeder Fund's portfolio if applicable.

Investors in the Funds receive reports pursuant to the terms of the relevant Fund Documents.

Item 14 - Client Referrals and Other Compensation

Yaupon does not anticipate compensating any person who is not a supervised person, including third-party solicitors, for Investor or Client referrals.

Item 15 – Custody

For purposes of Rule 206(4)-2 under the Advisers Act (the “Custody Rule”), Yaupon anticipates is deemed to have custody over the Fund's assets. In accordance with the Custody Rule, a qualified custodian will not be required to deliver quarterly account statements to the Funds or their respective Investors as long as (i) the Funds are audited by an independent public accountant that is registered with, and subject to inspection by, the Public Company Accounting Oversight Board, (ii) the Fund's audited financial statements are prepared in accordance with the U.S. generally accepted accounting principles, and (iii) Yaupon delivers such annual audited financial statements to Investors within 120 days after the end of each Fund's fiscal year.

Item 16 - Investment Discretion

Yaupon provides investment advisory services to clients on a discretionary basis. This means Yaupon has sole discretion to transact in securities without consultation with clients. Yaupon has entered into an investment management agreement with each Fund that sets forth the scope of the adviser's discretion. As CIO, Steve Pattyn has overall responsibility for the investment decisions on behalf of the Funds.

Item 17 – Voting Client Securities

Yaupon, in accordance with Rule 206(4)-6 of the Advisers Act, has adopted proxy voting policies and procedures. In voting proxies, Yaupon believes that company management generally is best suited to make the decisions that are essential to the ongoing operation of the company. Therefore, Yaupon will generally vote proxies in line with company management. However, under circumstances when Yaupon believes that company management's proposal will not maximize value for the Funds, then Yaupon will vote against company management. In such cases, the reason for the decision, along with a record of the vote, will be retained by the CCO.

Investors, or potential Investors, may obtain a copy of Yaupon's proxy voting policies and procedures and information about how Yaupon voted upon request.

Item 18 - Financial Information

This Item is not applicable.

Item 19 - Requirements for State-Registered Advisers

This Item is not applicable.